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ECUADOR: A LOW-THREAT ENVIRONMENT FOR DRUG TRAFFICKING

by

Juan G. Gherardy

March 2016

Thesis Advisor:
Second Reader:

Ryan Gingeras
Thomas C. Bruneau

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ECUADOR: A LOW-THREAT ENVIRONMENT FOR DRUG TRAFFICKING

Juan G. Gherardy
Major, United States Air Force
B.B.A., University of Texas at San Antonio, 2004
M.A., Webster University, 2012

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requirements for the degree of

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March 2016**

Approved by: Ryan Gingeras
Thesis Advisor

Thomas C. Bruneau
Second Reader

Mohammed M. Hafez
Chair, Department of National Security Affairs

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ABSTRACT

Ecuador's role in the cocaine trade has historically differed from its drug-trafficking neighbors. This Andean country traditionally serves as a transshipment hub for illegal narcotics, precursor chemicals, and a place to launder money. Over the past several years, however, Ecuador appears to have become a rising actor in the cocaine trade. Seizures are increasing and so is the presence of transnational criminal organizations. Why is Ecuador now experiencing an increase in cocaine seizures? What factors explain this emergence? What is attracting transnational criminal organizations, such as the Mexican cartels, the Russian Mafia, and the Chinese Triads, to Ecuador? Furthermore, how has Ecuadorian President Rafael Correa's administration, its policies, and its relationship with the United States contributed to this new dynamic? This thesis argues that the increased flow of cocaine through the country is what is driving the increase in seizures. This increase is further attributed to the ease of operating in Ecuador, making it a low-threat option for cocaine traffickers.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACI	Andean Counter Drug Initiative
Ameripol	Police Community of the Americas
ATPDEA	Andean Trade Promotion and Drug Eradication Act
CIA	Central Intelligence Agency
COIP	Codigo Organico Integral Penal (Organic Integral Criminal Code)
CONAIE	La Confederation de Nacionalidades Indigenas del Ecuador (The Confederation of Indigenous Nationalities of Ecuador)
DOD	Department of Defense
DOS	Department of State
DPLF	Due Process of Law Foundation
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FATF	Financial Action Task Force
FMF	Foreign Military Financing
FOL	Forward Operating Location
GDP	Gross Domestic Product
IMET	International Military Education and Training
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
INL	Bureau of International Narcotics and Law Enforcement Affairs
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
RESDAL	Red de Seguridad y Defensa de America Latina (Latin American Security and Defense Network)
RICO	Racketeering Influenced and Corrupt Organizations
SCO	Security Cooperation Office
Supercom	Superintendencia de la Informacion y Comunicacion (Superintendence of Information and Communication)
TCO	Transnational Criminal Organizations

UCTCI	Unidad Contra el Trafico para el Consumo Interno (Unit Against Trafficking for Internal Consumption)
UN	United Nations
UNODC	United Nations Office on Drugs and Crime

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I. ECUADOR: A LOW-THREAT OPTION FOR COCAINE TRAFFICKING

A. INTRODUCTION

Ecuador is situated in the middle of the Andean region of South America, among nations that are notorious for their sales in the cocaine trade. The country and other residents in the region—Colombia, Peru, and Bolivia—share many of the same characteristics, including geographical environment and topography, geopolitics, and colonial history. Despite these similarities, however, Ecuador's role in the cocaine trade has historically differed from its Andean compatriots. It has served mostly as a transshipment hub for illegal narcotics, precursor chemicals, and a place to launder money. Nevertheless, over the past several years, Ecuador appears to have become a rising actor in the cocaine trade. Seizures are increasing and so is the presence of transnational criminal organizations. This thesis argues that the increased flow of cocaine through the country is what is driving the increase in seizures. This increase is further attributed to the ease of operating in Ecuador, making it a low-threat option for cocaine traffickers.

B. SIGNIFICANCE OF THE RESEARCH QUESTIONS

According to Ecuadorian Ministry of the Interior data, as of January 1, 2015, Ecuadorian security forces have seized a record amount of illegal drugs for the fifth consecutive year.¹ Specifically, the ministry states that from January 2007 to June 2015, the security forces confiscated 380 tons of drugs, most of which was cocaine. Furthermore, 48.5 tons of cocaine was seized in the first half of 2015, which doubles the 2014 seizures during the same period.² These

¹ "Ecuador Almost Duplicates Drug Seizures between 2014 and 2015," *Agencia Publica de Noticias del Ecuador y Suramerica*, [Public News Agency of Ecuador and South America] July 13, 2015, <http://www.andes.info.ec/en/news/ecuador-almost-duplicates-drug-seizure-between-2014-and-2015-adding-400-tons-eight-years.html>.

² Ibid.

seizure rates confirm Ecuador as a major player in the cocaine trade and as a regional hub for drug trafficking. The presence of transnational criminal organizations has also increased within Ecuador's borders. This increase began in early 2000, with use by the *Fuerzas Armadas Revolucionarias de Colombia* (The Revolutionary Armed Forces of Colombia-People's Army) of Ecuador's northern border region as a safe haven. Organizations such as Mexico's Sinaloa Cartel, the Russian Mafia, and the Chinese Triads have similarly begun to operate within Ecuador.³ These organizations are relying on Ecuadorian supply chains to transport narcotics, precursor chemicals, weapons, pharmaceuticals, migrants, and illicit profits in and out of the Andean region. This thesis, therefore, presents the following research questions:

- Why is Ecuador now experiencing an increase in cocaine seizures? What factors explain this emergence?
- What is attracting transnational criminal organizations such as the Mexican cartels, the Russian Mafia, and the Chinese Triads to Ecuador?
- Furthermore, how has Ecuadorian President Rafael Correa's administration, its policies, and its relationship with the United States contributed to this new dynamic?

An analysis of Ecuador's role in the cocaine trade can help U.S. policy makers gain a greater understanding of the variables that are contributing to the trade of illegal substances. Furthermore, it is essential to identify if or how domestic policies and institutions create a security gap for illicit activities to take place and flourish. Understanding these issues can help develop policies targeted at nations that are emerging as drug-trafficking actors, thus avoiding their emergence as power-players, or a narco-state, in the cocaine trade or other criminal arenas.

³ Douglas Farah and Glenn R. Simpson, *Ecuador at Risk: Drugs, Thugs, Guerrillas and the Citizens Revolution* (Alexandria, VA: International Assessment and Strategy Center, 2010), http://www.strategycenter.net/research/pubID.221/pub_detail.asp.

C. LITERATURE REVIEW

Addressing the research questions led to an investigation in the following areas of related literature. A key starting point was to review the literature regarding Ecuador's current role in the drug trade. To augment findings on Ecuador's role, the literature review also briefly addresses the evolution of narcotics in the Andes and how the criminalization of narcotics evolved. Other issues examined are Ecuador's political history, President Correa's administration, and the United States-Ecuador relationship.

1. Ecuador's Role in the Drug Trade

The literature identifies Ecuador as a country not known as a major producer of cocaine, which surprises many people since it is nestled among three of the world's largest coca producers—Colombia, Bolivia, and Peru. Ecuador's involvement in drug cultivation has never been defined as a national security threat to the United States. Rivera Velez asserts that although coca crops were found in Ecuador in recent years, the country historically has not engaged in cultivation. This noncultivation legacy can trace its roots to the seventeenth century, when the Spanish colonial government abolished coca production. The abolishment created a void that eliminated the transfer of cultivation techniques between generations. Furthermore, it is believed that in the seventeenth century, Jesuit priests effectively substituted the historical and cultural use of coca by converting the lower cocalero zones in the Chota Valley to produce *aguardiente*, a liquor similar to brandy that is made from sugar cane.⁴ In contrast, Peru and Bolivia maintained their coca traditions, eventually becoming two of the most dominant producers of cocaine.⁵ Some of the literature claims

⁴ Carlos Espinoza Fernandez de Cordoba, *Una Amenaza Silenciosa: El Narcotrafico en Ecuador* [A Silent Threat: Drug Trafficking in Ecuador] (Quito: San Francisco University of Quito, 2009): 138, http://www.usfq.edu.ec/publicaciones/polemika/Documents/polemika001/polemika001_018_articulo014.pdf.

⁵ Fredy Rivera Velez, "Ecuador: Untangling the Drug War," in *Drugs and Democracy in Latin America: The Impact of U.S. Policy*, ed. Coletta A. Youngers and Eileen Rosin (Boulder: Lynne Rienner, 2005), 233.

that Ecuador serves as a transshipment hub for illegal narcotics and precursor chemicals, and is vulnerable to transnational criminal organizations due to its weak and corruptible public institutions and porous borders.

The most recent literature proclaims Ecuador as the “United Nations (UN)” of organized crime, due to the increase in arrests of individuals connected to trafficking organizations from various regions of the world. Ecuador earned this label in 2011, after a series of events such as the indictment of three Russian criminals, the extradition of 66 Eritrean nationals involved in human trafficking, the arrest of a top Colombian drug leader, and the extradition of *Fuerzas Armadas Revolucionarias de Colombia* (FARC) members tied to deals made with the Sinaloa Cartel on Ecuadorian territory.⁶ In its 2015 drug report, the U.S. State Department notes that on September 15, 2014, Ecuador was identified by the president as a major illicit-drug-producing and/or drug-transit country, with subsequent notification to Congress.⁷

Literature on cultivation and production, such as the 2010 United Nations Office on Drugs and Crime (UNODC) Illicit Crop Monitoring Report for Ecuador, indicates that representatives from the United Nations do not believe Ecuador plays a significant role in the cultivation of drugs.⁸ The report further highlights that all the marijuana, coca, and opium plants found in the country were completely eradicated, and that 10 drug laboratories were found with key processing chemicals. Most of the fields and laboratories were found in Bolivar and Esmeraldas provinces. In Bolivar province, the government successfully eradicated 35,000 coca plants, representing 60.6% of the year’s total and 79,000

⁶ Elyssa Pachico, “Ecuador the ‘UN of Crime’ and Venezuela the ‘Refuge of Terrorism’?,” *InSight Crime*, July 11, 2011, <http://www.insightcrime.org/news-analysis/ecuador-the-un-of-crime-and-venezuela-the-refuge-of-terrorism>.

⁷ U.S. Department of State, *International Narcotics Control Strategy Report: Volume I Drug and Chemical Control* (Washington, DC: Department of State, 2015), 160, <http://www.state.gov/documents/organization/239560.pdf>.

⁸ Gobierno de Ecuador, *Ecuador: Monitoreo de Cultivos de Coca 2009*, [Ecuador: Coca Crop Monitoring Report 2009] (Ecuador: UNODC, 2010): 4, http://www.unodc.org/documents/cropmonitoring/Ecuador/Ecu09_Coca_Survey_es.pdf.

poppy plants, representing 68.4% of the year's total.⁹ In contrast, interviews with locals near the Colombian-Ecuadorian border conducted by Ramirez and Youngers during their 2011 Carter Center study revealed that cocaine production is increasing.¹⁰ The 2010 crop-monitoring report was the last survey conducted in Ecuador regarding illicit cultivation; however, recent reports on Peru and Colombia reveal that production is increasing in areas that border Ecuador.¹¹ In summary, the literature on Ecuador's role in the drug trade suggests a country used as a transshipment hub where drug seizures are on the rise—in essence, a small-scale drug producer.

a. History of Cocaine in the Andes

In the literature on the history of cocaine in the Andes, the most complete narrative is found in Paul Gutenberg's *Andean Cocaine: The Making of a Global Drug*. Gutenberg discusses how the evolution of coca and cocaine products must be viewed from an Andean, specifically Peruvian, perspective. In charting the drug's trajectory in the region, he identifies three long arcs and global processes.¹² The first spans from the 1850s through 1910, when cocaine gained medical prestige.¹³ The next period, from the early twentieth century through the 1940s, witnessed a decline in the market of Andean cocaine, as the United States embarked on its anti-cocaine policies. The final period, from 1945 to 1975,

⁹ Gobierno de Ecuador, *Ecuador: Monitoreo de Cultivos de Coca 2009*, [Ecuador: Coca Crop Monitoring Report 2009] 4.

¹⁰ Socorro Ramirez and Coletta Youngers, "Drug Policies in the Andes: Seeking Humane and Effective Alternatives," (Atlanta: The Carter Center, 2011): 37, <http://www.cartercenter.org/resources/pdfs/peace/americas/dialogue-forum/Book-Drug-Policy-in-the-Andes.pdf>.

¹¹ Gobierno de Peru, *Peru: Monitoreo de Cultivos de Coca 2014*, [Peru: Coca Crop Monitoring Report 2014] (Peru: UNODC, 2015), 48, http://www.unodc.org/documents/cropmonitoring/Peru/Peru_Informe_monitoreo_coca_2014_web.pdf; Government of Colombia, *Colombia: Coca Cultivation Survey 2014* (Colombia: UNODC, 2015), 17, https://www.unodc.org/documents/crop-monitoring/Colombia/censo_INGLES_2014_WEB.pdf.

¹² Paul Gootenberg, *Andean Cocaine: The Making of a Global Drug* (Chapel Hill: University of North Carolina Press, 2008), 3.

¹³ *Ibid.*, 33.

marked cocaine's emergence as a world-renowned, illicit, pleasure drug.¹⁴ The beginning of this final period saw Peru's legal narcotics industry readily convert to an illicit one. As a result, illicit flows of cocaine proliferated via a new class of Pan-American traffickers that, surprisingly, did not include many from Colombia, which eventually became the focal point of drug trafficking toward the end of this period. Despite this well-researched history of Andean cocaine, the author offers very little on Ecuador within this historical context. He simply states, "Ecuador, with no coca culture of its own, was a known transit and trading post for cocaine smugglers, and . . . served as Andean regional couriers."¹⁵ To date, Ecuador has continued to maintain this role as a hub for illegal narcotics and precursor chemicals.

b. *Evolution of Narcotics Prohibition: The Andean Target*

Much of the literature on the Andean cocaine trade focuses on U.S. policies and the associated war on drugs. Furthermore, a significant amount of that literature criticizes the failure of U.S. policies to achieve its intended objectives. Before one examines the history of narcotics within the Andes, one must gain a grasp of the historical literature on narcotics in general. Specifically, one must understand how the early creation and evolution of global narcotics prohibition regimes impacted contemporary drug policies within the Andes.

Although restrictions on narcotics, primarily opium, existed prior to the 1870s, the origins of the global narcotics prohibition regimes was significantly influenced by the association of drug use to minorities, the power politics approach exerted by the United States, and the actions by various countries and the UN to institutionalize prohibition efforts. To augment this point, Andreas and Nadelmann discuss how "few governments objected strongly to signing an international convention and implementing the necessary domestic legislation to

¹⁴ Gootenberg, *Andean Cocaine*, 5.

¹⁵ *Ibid.*, 273.

fulfill their international obligation, particularly when pressured to do so by the United States and the United Nations (UN).”¹⁶ Accordingly, prohibition in Ecuador began in 1934, when the government ratified the 1925 United Nations’ convention against opium. These policies were adopted purely to comply with international norms and did not take into account the country’s needs.¹⁷ In general, drug prohibition initially emphasized restrictions and limitations; however, by mid-twentieth century, narcotic prohibitions began to evolve into an enforcement apparatus, involving punitive and coercive measures that became more stringent over time. After World War II, successive UN conventions created tougher enforcement measures and multiplied the number of illegal drugs from “17 in 1931 to 245 by 1995.”¹⁸ In the United States, the punitive approach of narcotic was amplified by the recurring fabricated hysteria such as with the association of drugs to unsavory clientele or the feared and despised minority groups, and to sensationalist media and reports that only depicted minorities committing horrendous crimes while under the influence.¹⁹ The punitive measures were further amplified by hastily adopted U.S. legislation that failed to emphasize treatment and addiction.

In his critical examination of the global narcotics trade, Alfred McCoy highlights how the contemporary era of the 1980s, through the turn of the century, witnessed a continued punitive approach to antidrug efforts in both the domestic and international arenas. The Reagan era, which lasted through most of the 1980s, experienced various rounds of legislation that each stiffened the

¹⁶ Peter Andreas and Ethan Nadelmann, *Policing the Globe: Criminalization and Crime Control in International Relations* (Oxford: Oxford University Press, 2006), 44.

¹⁷ Ana Isabel Jacome Rosenfeld, “Drogas en el Ecuador: Política Prohibitiva o Democracia Deliberative?” [Drugs in Ecuador: Prohibitive Policy or Deliberative Democracy] *Revista Latinoamericana de Seguridad Ciudadana* [Latin American Journal of Public Safety] 13 (2013): 84, <http://revistas.flacsoandes.edu.ec/urvio/article/viewFile/81-94/1091>.

¹⁸ Alfred McCoy, “The Stimulus of Prohibition: A Critical History of the Global Narcotics Trade,” in *Dangerous Harvest: Drug Plants and the Transformation of Indigenous Landscapes*, ed. Michael K. Steinberg, Joseph J. Hobbs, and Kent Mathewson (New York: Oxford University Press, 2004), 27.

¹⁹ Andreas and Nadelmann, *Policing the Globe*, 41.

punitive measures associated with illegal drugs. In 1986, President Reagan announced, “Individual drug use was threatening the health and safety of all our citizens.”²⁰ In the United States, the punitive approach to the drug war was reemphasized in 1988 with the passage of the Omnibus Drug Initiative Act, which resorted to adversarial measures that imposed larger fines and made violators ineligible for student, loans, public housing or attain driver’s licenses.²¹

The United States redirected the war on drugs away from Asia to the Andes region after President Reagan’s National Security Decision Directive No. 221 classified drug trafficking as a threat to U.S. national security, and legitimized the extension of the domestic drug policy beyond U.S. borders.²² This redirected effort toward the Andes included a massive coca eradication effort through a mix of repression and diplomacy.²³ From the 1980s to the mid-1990s, the United States funded the supply-side, which focused on international interdiction and domestic enforcement. These efforts accounted for 80% of the U.S. antidrug budget, thus leaving inadequate resources for proper addiction treatment and education. This global interdiction and enforcement effort was taken to new heights in 2000, when President Clinton expanded the drug war with the \$1.3 billion Plan Colombia.²⁴ This effort provided antidrug training and sophisticated equipment to the Colombian military, and defoliated 75,000 acres of coca in two months.²⁵ Unfortunately, similar to other efforts that attempted to interrupt the drug flow, the balloon effect triumphed and pushed cultivation to other locations in the Andes.²⁶ In 2002, the George W. Bush administration

²⁰ John McWilliams, “Through the Past Darkly: The Politics and Policies of America’s Drug War,” in *Drug Control Policy*, ed. William O. Walker III (University Park: Pennsylvania State University, 1992), 25.

²¹ Ibid., 26–27.

²² McCoy, “The Stimulus of Prohibition,” 56.

²³ Ibid., 28.

²⁴ Ibid.

²⁵ McCoy, “The Stimulus of Prohibition,” 88.

²⁶ Ibid.

further compounded this effect by proclaiming to cut drug abuse by 25% through further aggressive law enforcement.²⁷ According to Alfred McCoy, “At the start of the twenty-first century, the United States was fighting the drug war at home by creating the world’s largest prison population and abroad by defoliating mountain farms in Asia and the Andes.”²⁸ This thesis does not aim to address whether the punitive approach was either ineffective or effective, as one can argue that Colombia’s current state would be much worse without the efforts of Plan Colombia. The above narrative serves only as background on the counterdrug efforts in Latin America, which, perhaps, helps explain why Ecuador has implemented new drug law reforms and distanced itself from the United States.

2. Ecuador’s Domestic Politics and Rafael Correa

Literature on Ecuador’s domestic politics describes a history of extended political, economic, and social turbulence that severely impacted the country’s democratic institutions.²⁹ Fed up with Ecuador’s perpetual turmoil and political instability, Rafael Correa ran for the presidency and was elected in 2007. Claiming that Ecuador’s political and economic problems were due to the selfish interests of the traditional parties and elites, Correa’s campaign pledged to reform congress and the courts, strengthen the economy, and alter the nation’s foreign policy.³⁰ Since his election, he has proven to be one of the country’s most enduring leaders. His election came on the heels of a presidential crisis where, in the decade prior, three elected presidents, Abdala, Bucaram, Jamil Mahuad, and Lucio Gutierrez, were removed from office through congressionally-led coup d’états. Once in office, Correa called a constitutional assembly to revise the

²⁷ McCoy, “The Stimulus of Prohibition,” 28.

²⁸ Ibid.

²⁹ Amy Kennemore and Gregory Weeks, “Twenty-First Century Socialism? The Elusive Search for a Post-Neoliberal Development Model in Bolivia and Ecuador,” *Journal of the Society for Latin American Studies* 30, no. 3 (2011): 274, doi: 10.1111/j.1470-9856.2010.00496.x.

³⁰ Carlos de la Torre and A. Ortiz Lemos, “Populist Polarization and the Slow Death of Democracy in Ecuador,” *Democratization* 23, no. 2 (2016): 224, <http://www.tandfonline.com/doi/pdf/10.1080/13510347.2015.1058784>.

constitution and, in the process, managed to stack the courts with loyal supporters, resulting in an approved constitution the following year. The new constitution effectively granted greater power to the president, while simultaneously lessening the independence of other government institutions.³¹ The new constitution required a new election and, due to his wide popularity, he was reelected in 2009, and again, for a third consecutive time, in 2013. This current term ends in 2017; however, Congress approved a constitutional amendment that allows indefinite consecutive presidential terms in December 2015.³² The amendment, however, contained a clause negating a bid for Correa in 2017, but it allows him to run in 2021 for unlimited terms.³³ In all, throughout his years as president, Correa has managed to centralize all power under the executive branch, suppress opponents, and bully the media.

D. U.S.-ECUADORIAN RELATIONS

In addition to a politically chaotic environment, literature on the Correa administration also describes many events that have contributed to the downward trend in the U.S.-Ecuadorian relationship. One of the key events took place in the early stages of Correa's first term, when he announced the closure of the U.S. military's Manta Forward Operating Location (FOL), which served as a counter narcotics hub in the Andean region.³⁴ Tension between the nations was also exacerbated by the ensuing legal battle between Ecuador and Chevron, the U.S.-based oil corporation. In this particular case, Ecuador demanded

³¹ Roger F. Noriega, "Ecuador: Is There a Future Beyond Correa?" American Enterprise Institute, October 29, 2015, <https://www.aei.org/publication/ecuador-is-there-a-future-beyond-correa/>.

³² Nathan Gill, "Ecuador Approves Amendment Keeping Correa Out of 2017 Election," *Bloomberg Business*, December 3, 2015, <http://www.bloomberg.com/news/articles/2015-12-03/ecuador-approves-amendments-keeping-correa-out-of-2017-elections>.

³³ Ibid.

³⁴ Simon Romero, "Ecuador's Leader Purges Military and Moves to Expel American Base," *The New York Times*, April 21, 2008, http://www.nytimes.com/2008/04/21/world/americas/21ecuador.html?pagewanted=all&_r=0.NYTimes.

compensation for environmental damages in their eastern region.³⁵ The WikiLeaks revelations and the granting of asylum to WikiLeaks founder Julian Assange also impacted relations and ignited a series of political shots between the two countries, including the expulsion of each other's ambassadors.³⁶ Lastly, the expulsion of U.S. officials and the closure of the Security Cooperation Office (SCO) in April of 2014, followed by the closure of the Bureau of International Narcotics and Law Enforcement Affairs' (INL) office in September, further contributed to the rocky relationship. The tension in the relationship is disconcerting, especially when considering the impact on counternarcotics efforts.

E. POTENTIAL EXPLANATIONS AND HYPOTHESES

Ecuador's weak institutions are a common explanation for the country's increased role in the cocaine trade. Various scholarly articles and reports simply state that Ecuador's financial, security, and judicial institutions are weak and corrupt, but they tend to stop there without further explanation. Ecuador's supposedly weak institutions must be addressed in further detail to uncover how they may be contributing to the overall increase in cocaine flow.

In addition to these common explanations, research has discovered other factors that may explain the increased flow of cocaine, which lead to two key hypotheses. The first factor involves determining whether the increase in seizures is attributed to Ecuador's self-proclaimed improved antinarcotics enforcement or if the flow of cocaine is simply just escalating. For this factor, the author hypothesizes that the heightened cocaine seizures are attributed to an increased flow of cocaine, rather than improved antinarcotics enforcement. If the

³⁵ *Agence France Presse*, "Ecuador President Rafael Correa: Chevron is 'Enemy of Our Country,'" *The Huffington Post*, August 17, 2013, http://www.huffingtonpost.com/2013/08/17/ecuador-president-rafael-correa_n_3773558.html.

³⁶ William Neuman and Mark Landler, "Ecuador Risks Trade Problems with U.S. if it Grants Asylum to Snowden," *The New York Times*, June 25, 2013, http://www.nytimes.com/2013/06/26/world/americas/ecuador-courts-trade-problems-with-us-if-it-grants-snowden-asylum.html?_r=0.

hypothesis holds true, one must take a deeper analytic approach to unearth what is causing the increase in cocaine flow. Therefore, a pertinent second factor would involve Ecuador's domestic politics and its relationship with the United States. Ecuador's domestic politics aim to distance the country from the United States, and consequently, the relationship is experiencing a downward trend. As a result, bilateral counternarcotic efforts have been severely impacted. Therefore, the second hypothesis is that the political environment, coupled with the removal of U.S. counternarcotics influence, creates a low-threat environment for criminal organizations to operate in, thereby resulting in increased cocaine flow through Ecuador.

F. RESEARCH DESIGN

This thesis will be a qualitative, single-case study. The single-case study research method is appropriate because it will provide a comprehensive analysis of the factors that explain Ecuador's emergence in the cocaine trade. Ecuador deserves attention from a cocaine trade perspective, and this thesis aims to contribute to the literature. The interest in this case initially stems from Andean cocaine production and transit maps presented in a course that did not include Ecuador, which was surprising since the country is essentially in the epicenter of the Andean region. As already discussed, the recent trends in increased cocaine seizures and transnational criminal organization activities further exacerbated the interest in this topic. Actions of the current presidential policies and the weak state institutions are also a critical component to the analysis of this phenomenon. Sources for this thesis will be derived from primary and secondary sources including scholarly books, peer-reviewed journals, both government and nongovernment reports and articles, and news articles from Ecuador and the United States.

G. THESIS OVERVIEW

This thesis consists of five chapters. The second chapter will discuss Ecuador's role in the cocaine trade. It will provide background on the drug seizure and transnational criminal organization trends, the shift in control of the supply chain, the country's internal routes, and methods of transit. Chapter III discusses Ecuador's domestic politics and relations with the United States. It provides background on Ecuador's political history in the decade prior to Correa, followed by his rise to power and his "Citizen's Revolution." The chapter then turns to Ecuador's drug policies, followed by a narrative on the downward trend of the United States-Ecuador relationship. Chapter IV explains the increase in cocaine flow by first discussing the common explanation, such as corruption and weak institutions. The chapter then describes how Ecuador's new drug reforms and the elimination of U.S. intervention further explain the increase in cocaine flow. The final chapter provides an overall conclusion and recommendations.

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II. ECUADOR'S ROLE IN THE COCAINE SUPPLY CHAIN

A. INTRODUCTION

Although Ecuador's involvement in the cocaine trade can be traced back before the 1990s, a 1990 *New York Times* article titled "Latin Drug Cartels, Squeezed, are Turning to Ecuador" described Ecuador as a "new target of opportunity."³⁷ At that time, Ecuador was not considered a critical node in the cocaine trade and counternarcotics aid provided to the country was minimal, compared to its northern neighbor, Colombia.³⁸ American intelligence reports also indicated that while aggressive antidrug policies were enforced primarily in Colombia and Peru, the Colombian cartels found Ecuador appealing for transiting drugs due to its close proximity, accessible ports, established routes, and relatively loose drug laws.³⁹ Regional and international concerns were heightened by the magnitude of cocaine seizures within the United States and Europe that arrived via commercial vessels originating and registered in Ecuador. These seizures, coupled with the large quantities of precursor chemicals traversing through the country, firmly established Ecuador as a narcotics transit point.⁴⁰ At the time the article was published, various officials from the Drug Enforcement Agency, the Department of State (DOS), and the Customs Service estimated that Ecuador provided the United States with 6.4% (and rising) of the total cocaine produced worldwide—an alarming statistic for a country dismissed

³⁷ Richard Berke, "Latin Drug Cartels, Squeezed, are Turning to Ecuador," *The New York Times*, March 25, 1990, <http://www.nytimes.com/1990/03/25/world/latin-drug-cartels-squeezed-are-turning-to-ecuador.html>.

³⁸ Between 2000 and 2006, Ecuador received \$165.6 million, Peru received \$731.8 million, and Colombia received \$4.817.1 billion. These numbers include Andean Counter Drug Initiative; Foreign Military Finance; International Military Education and Training; Nonproliferation, Anti-terrorism, Demining, and Related Programs; and Department of Defense funds. Source: Connie Veillette, *Andean Counterdrug Initiative (ACI) and Related Funding Programs: FY2006 Assistance* (CRS Report No. RL33253) (Washington, DC: Congressional Research Service, 2006): 5–11, <http://fpc.state.gov/documents/organization/60720.pdf>.

³⁹ Berke, "Latin Drug Cartels, Squeezed, are Turning to Ecuador."

⁴⁰ Ibid.

as a relative nonactor in the drug trade.⁴¹ Fast-forwarding 15 years, Ecuador once again finds itself in a situation of increased cocaine seizures and transnational criminal organizations (TCOs). Although the Ecuadorian government claims that the recent increases in cocaine seizures is attributed to improved antinarcotics operations, the increases more accurately reflect a higher flow of cocaine transiting through the country. Prior to identifying the factors that are driving the recent increase in drug seizures, this chapter will address Ecuador's current role in the cocaine trade. It begins by addressing the current trends in cocaine seizures and TCOs, and then discusses the shifts in cocaine routes, followed by an assessment of Ecuador's internal drug routes, maritime trafficking, internal drug distributions, and precursor chemicals.

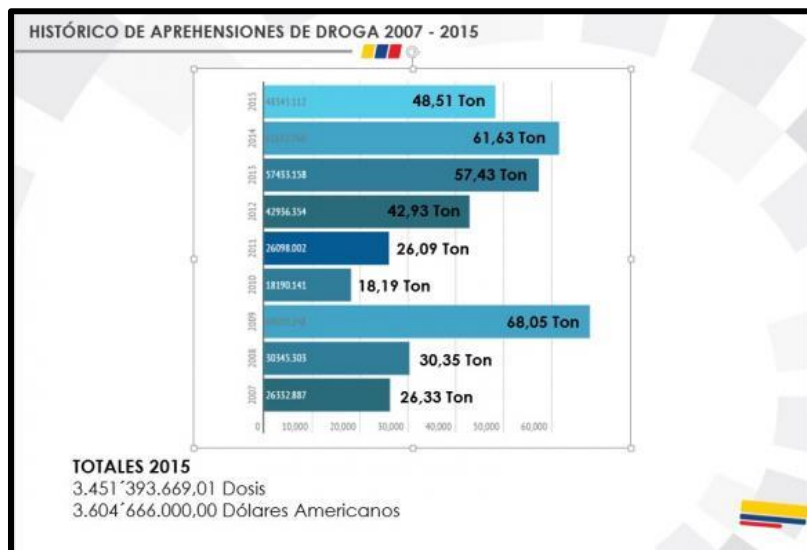
B. CURRENT TRENDS: COCAINE AND TRANSNATIONAL CRIMINAL ORGANIZATIONS

According to the Ecuadorian Ministry of the Interior, since 2010, Ecuador has witnessed an increase in cocaine seizures, as highlighted in Figure 1. In 2014, the government seized a five-year high of 61.63 tons of various drugs; however, it was primarily cocaine. The seizures conducted in the first half of 2015 indicate that the trafficking continues to rise. As of July 2015, the country reported the seizure of 48.5 tons, which is on pace to reach the 100-ton marker and break the 10-year record high set in 2009. Of the drugs confiscated in 2015, 84% was cocaine and 8% was cocaine paste. According to Colonel Edmundo Moncayo, the Zone 8 police commander responsible for the cities of Guayaquil, Durán, Samborondón and the rural sectors of Progreso, Posorja, and Tenguel, the increase in confiscations is attributable to the effectiveness of the Unit Against Trafficking in Domestic Consumption (UCTCI) operating in Quito, Guayaquil, and Manta. Furthermore, he noted that the 379.5 tons of drugs seized since 2007 far exceed the 81 tons confiscated in the 10 years that the Manta

⁴¹ Berke, "Latin Drug Cartels, Squeezed, are Turning to Ecuador."

FOL was in operation.⁴² While that statistic may strengthen his argument, the 81 tons reflects off-shore seizures, and the 379.5 tons reflects total seizures throughout the country. When analyzed from a maritime perspective, off-shore drug seizures were drastically reduced after the FOL's closure. In 2010, off-shore seizure rates fell to four tons and, in 2011, it dropped even further—to less than two tons; thus, demonstrating their ineffectiveness in the maritime arena.⁴³ Furthermore, as plausible as Colonel Moncayo's claim may appear on the surface, the increase in seizures is better attributed to the increase in drugs flowing through the country that provide ample opportunities for such seizures. The heightened number of TCOs operating in Ecuador seeking to capitalize off the cocaine trade is a key indicator that supports the increase in cocaine flows.

Figure 1. Ecuadorian Drug Seizures between 2007 and 2015



Source: "Ecuador Almost Duplicates Drug Seizures between 2014 and 2015," Agencia Publica de Noticias del Ecuador y Suramerica, [Public News Agency of Ecuador and South America] July 13, 2015, <http://www.andes.info.ec/en/news/ecuador-almost-duplicates-drug-seizure-between-2014-and-2015-adding-400-tons-eight-years.html>.

⁴² "Ecuador Almost Duplicates Drug Seizures Between 2014 and 2015."

⁴³ "Drug Trafficking: Has Ecuador Lost the Pacific? Part One," The Center for Investigative Journalism in the Americas, August 24, 2014, <http://thecija.org/blog/2014/08/24/part-one-drug-trafficking-has-ecuador-lost-the-pacific/>.

In terms of TCOs, trends indicate that Ecuador is becoming a hotbed for such groups, as gangs, cartels, and mafias from all over the world have taken up residence in this small Andean country.⁴⁴ To understand why criminal organizations have run rampant, one must observe what is happening in countries within the Andean region, along with countries in other regions, such as Central America. Within these regions, the two countries that have most significantly impacted the proliferation of TCOs are Mexico and Colombia.

C. SHIFT FROM COLOMBIA TO MEXICO

A 2011 United States Senate report highlighted how the Mexican drug cartels were moving south, particularly to Central America. According to the report, the organizations are moving south to gain control over drug routes and market share, and are doing so with the same amount of violence that has plagued Mexico.⁴⁵ The influence of Mexican drug cartels began in the 1980s and 1990s, as the Colombian cartels rerouted their established Caribbean routes through Central America, with the ultimate goal of reaching the United States without being interdicted. When the drugs would reach the United States via the Mexican routes, they would switch possession back over to the Colombians for further distribution throughout the Colombians' established retail distribution network. As U.S. law and drug enforcement agencies began to crack down on Colombian drug organizations within the United States and overseas, the cartels strategically decided to relinquish their control of the U.S. cocaine wholesale distribution to Mexican drug traffickers; however, they maintained control of the smuggling routes through Central America. With Mexican drug organizations now able to purchase cocaine at wholesale prices, and with their ability to attain the highest possible profit margin on the cocaine they smuggled into the United

⁴⁴ Arthur Dhont, "Ecuador Increases its Haul From Drugs Traffic," *Jane's Intelligence Review* 27, no. 2 (2014), <http://search.proquest.com.libproxy.nps.edu/docview/1648841794/709A9505314641A8PQ/5?accountid=12702>

⁴⁵ Dianne Feinstein and Charles Grassley, *Responding to Violence in Central America* (Washington, DC: U.S. Senate, 2011), 16, <http://www.drugcaucus.senate.gov/sites/default/files/FINAL%20Responding-to-Violence-in-Central-America-2011.pdf>.

States, multiple trafficking organizations within Mexico flourished by capitalizing on the lucrative profits found in the drug trade.⁴⁶

During this time, Colombian money-laundering schemes operating in the United States were also disrupted by U.S. law enforcement through covert operations and aggressive banking regulations.⁴⁷ The Mexican cartels capitalized on this opportunity and used the same smuggling routes that pushed cocaine north to smuggle large amounts of Colombian drug profits out of the United States. As a result, Mexican traffickers now controlled the smuggling of wholesale cocaine and its distribution throughout the United States, which enabled them to rake in enormous profits. The Mexican trafficking organizations also profited from the fees they charged the Colombian cartels that ensured the safe passage of money going south to Colombia.⁴⁸

D. THE SHIFT FROM MEXICO, SOUTH TO CENTRAL AMERICA AND THE ANDES

The Mexican government did not stand idle as the drug-trafficking situation scaled out of control. In 2006, the Felipe Calderon administration went on the offensive against the cartels. This increased pressure by the government caused the cartels to seek new areas of operations, which resulted in shifts into territories already claimed by other organizations. This battle for territory between drug organizations in Mexico resulted in an estimated 36,000 homicides from December 2006 through December 2010.⁴⁹ As pressure from the Mexican government mounted, coupled with their ability to expand, the drug cartels began to position themselves farther down the cocaine supply chain into Central

⁴⁶ Feinstein and Grassley, *Responding to Violence in Central America*, 17.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

America.⁵⁰ Other factors also made Central America an advantageous area from which to operate. According to the 2011 U.S. Senate Caucus on International Narcotics Control, “There are many reasons why Mexican drug trafficking organizations decided to move into Central America, including freedom from prosecution, weak governance, relaxed enforcement of laws and geography. Simply put, it is a ‘business friendly’ environment for criminal organizations.”⁵¹ The two primary countries where the Mexican cartels settled were Honduras and Guatemala, due to their strategic location and weak, corruptible governments.⁵² The caucus report also states that in the three years prior to the report (2008-2010), the main drug-trafficking organizations operating in Central America were the Zetas, Sinaloa, and Gulf Cartels.⁵³ Ultimately, these and other factors caused the cartels to make their way to South America to occupy Andean countries, such as Ecuador, in or near the production side of the cocaine supply chain spectrum.

Over the last five years, Ecuador has become host to a variety of TCOs from all over the world. Control over the Ecuadorian drug trade, traditionally controlled by Colombian groups that monopolized transit routes throughout the country, is currently transitioning over to Mexican cartels that seek to dethrone the Colombian middlemen and control a wider spectrum of the cocaine supply chain. Prior to 2011, the Mexican cartels did not possess the operational capacity to push their own product northward through their established routes, and therefore settled into the role of buyer from the Colombians. Evidence of Mexican cartels attempting to take control of the supply chain within Ecuador began in 2011, with the arrest of three Mexicans, along with the confiscation of their “go-

⁵⁰ Douglas Farah and Pamela Philips Lum, *Central America Gangs and Transnational Criminal Organizations*, (Alexandria, VA: International Assessment and Strategy Center, 2013), 13, http://www.strategycenter.net/docLib/20130224_CenAmGangsandTCOs.pdf.

⁵¹ Feinstein and Grassley, *Responding to Violence in Central America*, 17.

⁵² Steven S. Dudley, “How Mexico’s Drug War is Killing Guatemala,” *Foreign Policy*, July 20, 2010, <http://foreignpolicy.com/2010/07/20/how-mexicos-drug-war-is-killing-guatemala/>.

⁵³ Feinstein and Grassley, *Responding to Violence in Central America*, 18.

fast” boats off the Ecuadorian coast. Data obtained from investigating the boats’ global positioning system tracked the boats leaving Mexico and stopping for gas in Central America prior to arriving in Ecuador.⁵⁴ Furthermore, the arrests of nine confirmed Sinaloa Cartel members, the murder of a policeman investigating the cartel, the discovery of narco-planes with large amounts of cocaine and money onboard, and reports of two armed Sinaloa cells posted throughout the country’s southern borders were further tell-tale signs of Mexican drug organizations seeking to control the 220 tons of cocaine flowing through Ecuador.⁵⁵ In February 2012, the arrest of Daniel “El Loco” Barrera, the presumed main link between the Colombian traffickers and the Sinaloa Cartel, further demonstrated Mexico’s growing foothold in Ecuador.⁵⁶ A similar event occurred in 2013, when Ecuadorian police confirmed the arrest of Caesar “El Empresario” Vernaza Quiñonez, accused of leading local criminal groups and serving as the new main link to the Sinaloa Cartel.

The Sinaloa Cartel is certainly not the only organization that sees Ecuador as a strategic operating location. According to the 2014 International Narcotics Control Strategy Report (INCSR) report, “Mexican, Colombian, Nigerian, Russian, Italian, and Chinese transnational criminal organizations including Los Zetas . . . Gulf cartels, and the Revolutionary Armed Forces of Colombia (FARC), are actively operating in Ecuador.”⁵⁷ In 2011, Ecuador was labeled as the “United Nations” of organized crime, due to the increased arrests of individuals

⁵⁴ Edward Fox, “Ecuador: Battleground Between Mexican and Colombian Cartels?” *InSight Crime*, September 28, 2012, <http://www.insightcrime.org/news-analysis/ecuador-battleground-between-mexican-colombian-cartels>.

⁵⁵ U.S. Department of State, *International Narcotics Control Strategy Report: Volume I Drug and Chemical Control* (Washington, DC: Department of State, 2011), 234, <http://www.state.gov/documents/organization/156575.pdf>; Fox, “Ecuador: Battleground.”

⁵⁶ Elyssa Pachico, “Security Forces Warn Organized Crime May Overwhelm Ecuador,” *InSight Crime*, March 8, 2012, <http://www.insightcrime.org/news-analysis/security-forces-warn-organized-crime-may-overwhelm-ecuador>.

⁵⁷ U.S. Department of State, *International Narcotics Control Strategy Report: Volume I Drug and Chemical Control* (Washington, DC: Department of State, 2014), 159, <http://www.state.gov/documents/organization/222881.pdf>.

connected to criminal organizations from various regions of the world. The events contributing to this title include the indictment of three Russian criminals, the extradition of 66 Eritrean nationals involved in human trafficking, the arrest of a top Colombian drug leader; and the extradition of FARC members tied to deals made with the Sinaloa Cartel on Ecuadorian territory.⁵⁸ In addition to these organizations, the Mexico-based criminal organization known as La Familia Michoacana (LFM) is also transporting drugs through Ecuador. Founded by former Gulf Cartel and Los Zetas members in 2006, LFM gained control of the Mexican ports of Lázaro, Cárdenas, and Michoacán and became a major drug distributor. Within Ecuador, LFM members transport drugs to Mexico, the United States, and Europe via air, land, and sea. The LFM has formed alliances with Colombian traffickers to get the cocaine and then hire local Ecuadorian gangs to transport drugs past the northern border.⁵⁹ LFM also uses these gangs to attain false identification documents and fishing permits that facilitate their operations within Ecuador.

Fortunately, the presence of the Sinaloa and LFM Cartels has not fueled the same level of violence as seen in Mexico, Colombia, or Central America. According to Daniel Pontón, “Mexican organized crime groups operating in Ecuador want to use drug trafficking routes through local networks to ensure a steady supply of drugs, but are not interested in fighting for territory.”⁶⁰ Although violence has certainly occurred, as noted above, the low level of violence has appeared to cause security forces in Ecuador to underestimate the magnitude of the trafficking problem. History certainly shows that organized crime and violence are tightly woven together. In 2011, reports indicated that Mexican drug groups, operating in Colombia, have clashed with Colombian organizations, as they

⁵⁸ Elyssa Pachico, “Ecuador the ‘UN of Crime.’”

⁵⁹ “La Familia Michoacana Transports Drugs through Ecuador,” *Dialogo Digital Military Magazine*, March 28, 2014, http://dialogoamericas.com/en_GB/articles/rmisa/features/regional_news/2014/03/28/operacion-amanecer.

⁶⁰ Ibid.

inform authorities of each other's shipments.⁶¹ The presence of Mexican cartels in Ecuador is certainly an indication of the cartels' sought-after dominance of the entire cocaine supply chain. Colombian organizations, however, will doubtfully relinquish their established position without an escalation of violence. This situation, according to Edward Fox, "may turn Ecuador into a battle ground between some of the most powerful criminal organizations in the hemisphere."⁶²

E. ECUADOR IN THE SUPPLY CHAIN: INTERNAL ROUTES

The amount of cocaine seizures and the number of cartels operating in Ecuador solidify its place of importance as a transit hub for cocaine destined to all parts of the world. Capturing a complete picture of these transit routes is a difficult task, considering that they are continuously changed to stay ahead of law enforcement. According to Xavier Raufer, "Tracing a cocaine route is impossible because the ink never dries on the page, channels change."⁶³ Although his quote was referring to the global shift in cocaine routes through Africa, the same phenomenon holds true when applied on a smaller, local scale, as in the case of Ecuador. It is because of the constant evolution of routes that various articles call out multiple cities where cocaine enters, as well as numerous coastal cities where it exits. Nonetheless, since Ecuador is integrated into the cocaine supply chain, a discussion is merited in terms of understanding where cocaine enters and leaves the country, and where it stays within the borders for domestic distribution and consumption. Figure 2 is a graphical representation of trafficking routes based on recent research.

⁶¹ Elyssa Pachico, "Is the Sinaloa Cartel Feeding Ecuador's Domestic Drug Trade?" *InSight Crime*, April 25, 2013, <http://www.insightcrime.org/news-analysis/is-the-sinaloa-cartel-feeding-ecuadors-domestic-drug-trade>.

⁶² Fox, "Ecuador: Battleground."

⁶³ *Situational Analysis of Drug Trafficking: A Police Point of View* (Bogota: AMERIPOL, 2013), 140, <http://www.cocaineroute.eu/wp-content/uploads/2014/09/ameripol-sit-anal-eng.pdf>.

Figure 2. Ecuadorian Drug Routes



This figure captures current drug routes based on research. Adapted from: "Map of Ecuador," Google Maps, Accessed December 16, 2015, <https://www.google.com/maps/@-2.046804,-81.779115,6z>.

Sandwiched to its north and south between two of the world's largest producers of cocaine, Colombia and Peru, it is no wonder that the substance primarily enters from these two geographic areas. While Ecuador is unlike its other Andean neighbors in that it is not a mass producer of the coca leaf, it is not exempt from the presence of cocaine within its borders. Once in country, the

Ecuadorian police assert that hundreds of trafficking routes exist to move cocaine from Colombia and Peru into Ecuador. Multiple cities also operate as key distribution points for both the international and domestic cocaine trade. These include the country's biggest port, Guayaquil; the capital, Quito; and 10 other cities.

On the southern Ecuadorian border, the main points of cocaine entry from Peru are through the Ecuadorian provinces of El Oro and Loja, specifically the towns of El Guabo, Piñas, Machala, Zaruma, and Macara.⁶⁴ According to Jaime Antezana, a Peruvian narco-trafficking investigator, an estimated 15 tons of cocaine hydrochloride is produced in the northern Peruvian province of Piura.⁶⁵ A recent article highlights how Peru traffickers periodically reinvent routes going north, toward Ecuador. Previously, routes within Piura normally departed from the towns of Huancabamba, Aragoto, or Ayabaca. The latter is known for the largest concentration of trafficking activities and attracts attention due to the large quantity of off-road vehicles, with Ecuadorian license plates; electronic equipment for Internet and cable; and large homes with satellite communication equipment.⁶⁶ New routes, however, have emerged from Piura through the towns of Suyo, Alamor, and Las Lomas. Antezana also asserts that the basic cocaine paste processed in Cajamarca and Amazonas is trafficked to Ecuador and Colombia through the routes in the province of Piura.⁶⁷ The above-mentioned article points out that many areas in this northern region lack police control and that the antidrug division, composed of only 52 agents, is logistically constrained.

⁶⁴ "Aragoto Peru: Major Drug Trafficking Route to Ecuador and Beyond," *Latin America Current Events & News*, November 9, 2014, <http://latinamericacurrentevents.com/aragoto-peru-major-drug-trafficking-route-to-ecuador-and-beyond/33637/>; Elyssa Pachico, "Security Forces Warn Organized Crime May Overwhelm Ecuador."

⁶⁵ Ibid.

⁶⁶ Ralph Zapata and Cinthia Cherres, "Aragoto: El Pueblo Transformado por Envíos de Droga a Ecuador," [Aragoto: The Village Transformed by Drug Shipments to Ecuador] *El Comercio Peru*, November 9, 2014, <http://elcomercio.pe/peru/piura/aragoto-pueblo-transformado-envios-droga-ecuador-noticia-1770017>.

⁶⁷ "Aragoto Peru: Major Drug Trafficking Route to Ecuador and Beyond."

Examples of their constraints include having only two trucks, which are rationed to only consume five gallons of gas per day.⁶⁸

The cultivation that occurs in the Marañon zone of Peru supplies most of these towns with cocaine and cocaine paste. The 2015 illicit crop monitoring report for Peru calculated that the zone witnessed a 6.5% increase in the cultivation of coca from the previous year. According to the report, this upward tick is a consequence of the demand from traffickers operating on the Pacific coast, who export the cocaine outside of the region.⁶⁹ The report also states the main destination for cocaine from the Marañon zone is the Peruvian town of Chiclayo, from which it is then transported to the port of Paita in Piura province and then on to Ecuador.⁷⁰ To enter Ecuador, the cocaine is transported to the Ecuadorian border towns of Zapotillo, Macara, and many others, and is then dispersed throughout the hundreds of interior routes within Ecuador.

On the northern border, the principal points of entry are found in the provinces of Esmeraldas, Carchi, and Sucumbíos, specifically the towns of Tulcan, San Lorenzo, and Nueva Loja.⁷¹ These provinces border the Narino and Putumayo departments of Colombia, which are known areas of mass coca cultivation and heavily populated by guerrilla and paramilitary forces. The 2015 illicit-crop-monitoring report for Colombia indicated that, in 2014, these two departments observed the main increases in coca crops.⁷² The report also asserts that 73% of the total coca crop is concentrated in the southern

⁶⁸ Ralph Zapata and Wilfredo Sandoval, "Narcos Trasladan Droga de Piura Hacia Ecuador por Nuevas Rutas," [Narcos Transfer Drugs from Piura to Ecuador Through New Routes] *El Comercio Peru*, August 6, 2015, <http://elcomercio.pe/peru/piura/narcos-trasladan-droga-piura-hacia-ecuador-nuevas-rutas-noticia-1831065>.

⁶⁹ Gobierno de Peru, *Peru: Monitoreo de Cultivos de Coca 2014*, [Peru: Coca Crop Monitoring Report 2014] 72.

⁷⁰ Ibid., 12.

⁷¹ Pachico, "Security Forces Warn."

⁷² Government of Colombia, *Colombia: Coca Cultivation Survey 2014*, 17.

departments of Nariño, Cauca, Putumayo, and Caquetá.⁷³ Specifically, the two bordering provinces account for 45% of the total coca fields in Colombia.⁷⁴ The cocaine transiting through Ecuador shows no signs of diminishing due to the increase in coca cultivation, coupled with the exit points found along the Ecuadorian coast.

F. MARITIME TRAFFICKING

Once the cocaine enters Ecuador, it is either distributed domestically or exported globally. As innovative as drug traffickers are, a plethora of methods are used to traffic drugs. In this section, however, we will focus on maritime trafficking. In terms of exit points, drug traffickers appear to have the freedom to operate from any city located along Ecuador's Pacific coast. The most reported coastal cities where operations occur include Esmeraldas, Manta, Rocafuerte, Muisne, and the Galapagos Islands. Guayaquil, Ecuador's largest city, is also a key exit point, along with the various towns located within close proximity, such as Puerto Bolivar and Isla Puna.⁷⁵ Multiple methods are used to export cocaine out of Ecuador; however, according to a 2013 report from the Police Communities of the Americas (Ameripol), a regional organization that promotes cooperation among police forces, maritime transport is the largest trafficking scenario in Ecuador and is also used by trafficking organizations for illicit deliveries.⁷⁶ Furthermore, the 2013 UN World Drug report asserts, "Ecuador [has] emerged as an important hub in South America for maritime trafficking of cocaine."⁷⁷ The clandestine embarkation points are typically found in poor fishing communities, and deliveries primarily arrive from Colombia, as well as Peru. The antinarcotics chief from the Guayas province, Colonel Omar Paredes, explains

⁷³ Government of Colombia, *Colombia: Coca Cultivation Survey 2014*, 17.

⁷⁴ *Ibid.*, 18.

⁷⁵ Pachico, "Security Forces Warn."

⁷⁶ *Situational Analysis of Drug Trafficking: A Police Point of View*, 80–81.

⁷⁷ *World Drug Report 2013*, (New York: United Nations, 2013), 24, https://www.unodc.org/unodc/secured/wdr/wdr2013/World_Drug_Report_2013.pdf.

how trafficking organizations typically use speed boats, barges, or semisubmersibles to get cocaine destined for the U.S. market out of the country. According to Paredes, the trafficking methods described above are not usually intended for long voyages and often link up with larger boats to transfer the drugs. In scenarios where they do make the complete voyage, the larger boats often provide additional logistical support in order to continue their mission.⁷⁸ The cocaine often makes pit stops in Central America or Mexico en route to its final destination—the United States. Since the discovery of the first narco-sub in 1993, the technology and capacity of submersibles have continued to improve, and these innovations and investments clearly signal that traffickers will continue to identify ways to effectively transport their products. In 2010, a 30-meter-long, Kevlar-coated submarine was seized along the northern Ecuadorian border. This vessel was constructed of fiberglass, equipped with a diesel-electric drive, and designed for both underwater and shallow operations.⁷⁹ Furthermore, in 2014, another submarine was seized by the Ecuadorian police, which had the capacity to dive 15 feet and stay submerged for 15 minutes. According to Simeon Tegel, “The submersible highlights this nation’s burgeoning reputation as a transit point for cocaine out of the Andes and onward to the streets of New York, Sydney, Moscow, and Bangkok.”⁸⁰

Another predominant method of transporting cocaine to the United States, Mexico, and Europe is via shipping containers. An alarming statistic from the UNODC posits that an estimated 90% of the global cocaine trade is transported through these containers. This statistic equates to over 500 million containers

⁷⁸ “Rutas Náuticas para Envío de Droga Cambiaron 3 Veces Desde 2008,” [Nautical Routes for Drug Shipping Changed 3 Times] *El Telegrafo*, October 6, 2014, <http://www.telegrafo.com.ec/justicia/item/rutas-nauticas-para-envio-de-droga-cambiaron-3-veces-desde-2008.html>.

⁷⁹ Byron Ramirez, “Narco-Submarines: Applying Advanced Technologies to Drug Smuggling,” *Small Wars Journal*, March 8, 2014, <http://smallwarsjournal.com/jrnl/art/narco-submarines-applying-advanced-technologies-to-drug-smuggling>.

⁸⁰ Simeon Tegel, “Ecuador, Cocaine’s Stopover on the Way to Market,” *GlobalPost*, February 20, 2014, <http://www.globalpost.com/dispatch/news/regions/americas/140220/ecuador-cocaine-submarine-route-drug-war>.

shipped annually, of which less than 2% are inspected.⁸¹ These facts make this shipping method an attractive target for drug traffickers seeking to transport illicit products worldwide. With regard to Ecuador, a 2008 report from the Crisis Group asserts that, “[Ecuadorian] Export firms, particularly shrimp companies, conceal drugs in containers.”⁸² The 2013 Ameripol report indicates how the country’s main exports (e.g., bananas, fish, fruit pulp, and iron tubes) are used to conceal illegal drugs in shipping containers.⁸³ To illustrate an example, Belgian authorities seized eight tons of cocaine hidden in a shipment of bananas from Ecuador in October 2012.⁸⁴ The report further indicates that trafficking organizations operating in Ecuador commonly use the “rip-off” method, also commonly known as *ganchos ciegos*, which involves the removal of the container locking seals, the placement of the drugs, then re-securing the container with a counterfeit seal.⁸⁵ The UNODC explains that neither the individual shipper, nor the recipient of the cargo, know that their container has been used to stash illicit contraband.⁸⁶

G. PRECURSOR CHEMICALS

Before cocaine is transformed into its powder form, it must be processed with certain solvents. These solvents are commonly referred to as precursor chemicals and primarily consist of sodium bicarbonate, kerosene, gasoline, hydrochloric acid, sulfuric acid, potassium permanganate, ammonia, and acetone

⁸¹ “UNODC-WCO Global Container Control Programme,” United Nations Office on Drugs and Crime, accessed October 12, 2015, <https://www.unodc.org/ropan/en/BorderControl/container-control/ccp.html>.

⁸² International Crisis Group, *Latin American Drugs I: Losing the Fight*, (Latin America Report no. 25) (Brussels: International Crisis Group, 2008):18, http://www.crisisgroup.org/~media/Files/latin-america/25_latin_american_drugs_i_losing_the_fight_final.pdf.

⁸³ *Situational Analysis of Drug Trafficking: A Police Point of View*, 87.

⁸⁴ Tegel, “Ecuador, Cocaine’s Stopover on the Way to Market.”

⁸⁵ *Situational Analysis of Drug Trafficking: A Police Point of View*, 81.

⁸⁶ “CCP Glosario de Términos,” [Glossary of Terms] United Nations Office on Drugs and Crime, accessed October 12, 2015, <https://www.unodc.org/ropan/es/BorderControl/container-control/ccp-glossary-of-terms.html>.

or ether.⁸⁷ These precursor chemicals are used at different steps of the process and many are used as substitutes, such as kerosene and gasoline. The availability and access to these chemicals can have a profound effect on the amount of cocaine produced by processing labs operating within a country's borders, which also leads to an increase in the flow of coca paste and finished cocaine in and out of these labs. Many U.S. government documents introduce Ecuador as a transit area for precursor chemicals.⁸⁸ The latest UN Ecuador crop-monitoring report, published in 2009, highlights the discovery and destruction of 10 processing laboratories (see Figure 3). Since the report, information on processing labs is released through national news outlets. In October 2013, Javier Cordova, Ecuador's Vice Minister of Internal Security, stated in an interview with a news station that "drugs are not processed and coca leaves are not produced in our country."⁸⁹ While he may be correct that coca is not produced in mass proportions, the country's inability to govern all of its territory makes the statement difficult to believe. A year prior to this statement, the AMERIPOL report stated that nine laboratories were destroyed between 2011 and 2012.⁹⁰ The news outlet *La Hora*, however, reported that 15 laboratories were discovered in 2012.⁹¹ Furthermore, an *InSight Crime* article reported that five laboratories were discovered in the first four months of 2015. Although the number of laboratories pales in comparison to the amount found in Colombia, their existence indicates that Ecuador is still a player in the cocaine trade.

⁸⁷ Patrick Clawson and Rensselaer W. Lee, *The Andean Cocaine Industry* (New York: St. Martin's Griffin, 1998), 258.

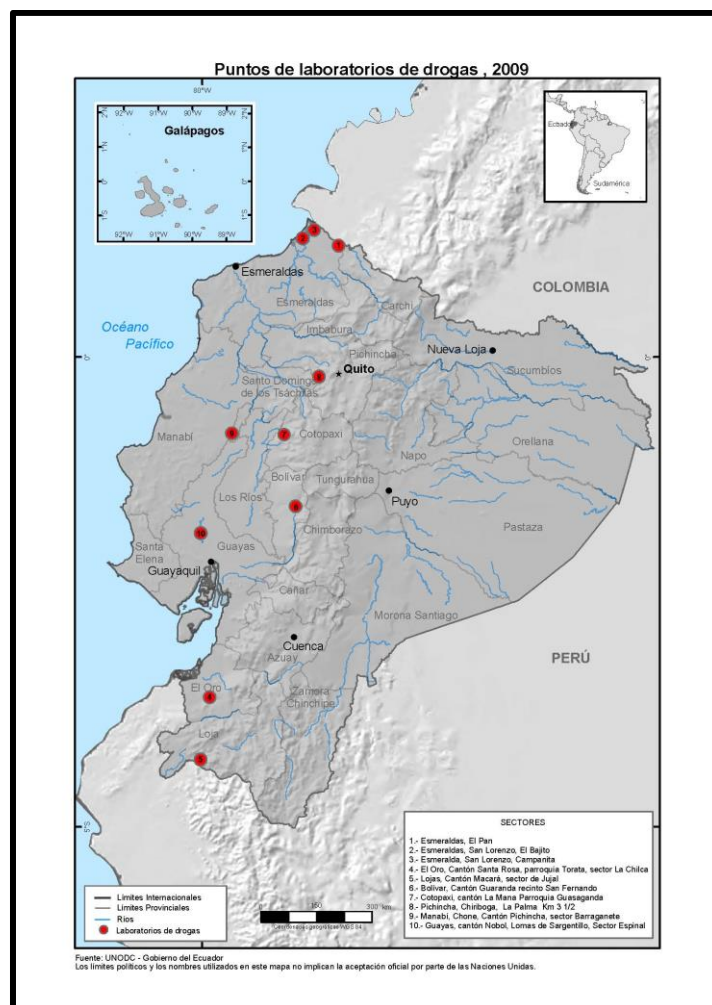
⁸⁸ Multiple INCSR reports, Central Intelligence Agency (CIA) factsheet, and the DOS Country Overview describe Ecuador as a transit country for precursor chemicals.

⁸⁹ Kyra Gurney, "Ecuador Drug Lab Discoveries Contradict Official Rhetoric," *InSight Crime*, May 26, 2015, <http://www.insightcrime.org/news-briefs/discovery-of-drug-labs-in-ecuador-contradicts-official-reports>.

⁹⁰ *Situational Analysis of Drug Trafficking: A Police Point of View*, 77.

⁹¹ "15 Laboratorios de Drogas se han Descubierto en Ecuador en 2012," [15 Drug Laboratories have been Discovered in Ecuador in 2012] *La Hora*, June 12, 2012, <http://www.lahora.com.ec/index.php/noticias/show/1101360155#.Vjvvb2C4lp8>.

Figure 3. Discovery and Destruction of Ecuadorian Drug-Processing Laboratories in 2009



Source: Gobierno de Ecuador, *Ecuador: Monitoreo de Cultivos de Coca 2009*, [Ecuador: Coca Crop Monitoring Report 2009] (Ecuador: UNODC, 2010): 22, http://www.unodc.org/documents/cropmonitoring/Ecuador/Ecu09_Coca_Survey_es.pdf.

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III. ECUADOR'S DOMESTIC POLITICS AND RELATIONS WITH THE UNITED STATES

A. INTRODUCTION

The previous chapter highlighted Ecuador's role in the cocaine trade and evidence suggests that the flow of cocaine is increasing throughout the country. Prior to addressing the factors that help explain the increase in the flow and seizures of cocaine, one must first explore Ecuador's political environment under the Correa administration, the precursors leading to his election, and the actions he has taken as president. The political environment in the decade prior to Correa's victory in the 2006 presidential election is best characterized as turbulent and corrupt. Although domestic politics improved in terms of social spending after the election, many of the actions that Correa has taken to consolidate power under the executive branch and to silence the media and social movements have been questionable. Furthermore, throughout his tenure, Correa has had strained ties with United States, leading to the elimination of critical aerial antinarcotics operations and the expulsion of U.S. embassy officials from the SCO and INL located at the U.S. Embassy in Quito, Ecuador. These actions, coupled with the new drug law that essentially decriminalizes drug possession, creates a low-threat environment for cocaine traffickers. This chapter will first discuss the history of the political chaos in Ecuador, followed by an overview of Correa's citizen revolution and his continued quest for complete control of the state. The paper then turns to a review of the drug policies of the pre-Correa era and those in effect during his tenure as president. Finally, this chapter discusses recent events affecting U.S.-Ecuadorian relations, which demonstrate a downward trend.

B. A HISTORY OF POLITICAL CHAOS

Ecuador's current president, Rafael Correa, took control of the country in 2007, and has since managed to foster tenuous relations with the United States

and also create an environment of internal political chaos. Initially, his election was welcomed, considering that in the previous two decades the country had been plagued with continuous economic crisis, fueled by attempts at trade liberalization and structural adjustments—economic policies promoted by the world bank and International Monetary Fund (IMF). During this time, trade barriers were reduced, which increased international trade—primarily oil. Unfortunately, the poor implementation of such reforms due to the existing weak institutions and political instability caused disappointing overall economic growth and low reductions in poverty.⁹² According to Jose Duran, “From 1970 to 2006, income per capita growth has been low (1.3% per year, on average) and very unstable.”⁹³ Furthermore, many depositors lost most, if not all, of their funds, when 16 of the 40 banks in Ecuador failed in 1999.⁹⁴ The failed reforms of the 1990s led to the major economic crisis of 1999, which resulted in a shift to the U.S. dollar in 2000. Economic reforms in the early 2000s also failed due to lack of regime stability, resulting from frequent turnovers of the presidency, beginning in 1996, when Abdalá Burarám served only six months prior to being relieved by congress due to “mental incapacity” and charges of corruption.⁹⁵ This economic collapse also prompted the mass exodus of Ecuadorians to the United States and Europe in the early 2000s.

The continued poor results of attempts to implement IMF-led economic policies resulted in an increase of mass protests throughout the country. The main force behind these protests was *La Confederacion de Nacionalidades Indigenas del Ecuador* (CONAIE) that ultimately formed the Pachakutik

⁹² Jose Duran, Nanno Mulder, and Miguel Ruiz, *Facilitating Trade and Structural Adjustment Ecuador: Experiences in Non-Member Countries* (OECD Trade Policy Papers, no. 67) (Paris: OECD Publishing, 2008), 4, doi:10.1787/244323141371.

⁹³ Ibid.

⁹⁴ Farah and Simpson, “Ecuador at Risk,” 18.

⁹⁵ Roberto Ortiz de Zarate, “Abdala Bucaram Ortiz: Presidente de la Republica,” Barcelona Center for International Affairs, March 9, 2015, http://www.cidob.org/biografias_lideres_politicos/america_del_sur/ecuador/abdala_bucaram_ortiz.

Pluricultural Movement. In 2000, this movement was successful in ousting President Jamil Mahuad through a coup engineered by the Ecuadorian military.⁹⁶ President Mahuad's administration was responsible for the dollarization of the economy and also for signing the agreement that allowed the United States to use the Ecuadorian Air Force Base at Manta as a forward operating location. The Mahuad presidency, however, was short-lived due to accusations of corruption, unpopular economic policies, and an unstable administration.⁹⁷ He was succeeded by his vice president, Gustavo Noboa, who lost the presidential run-off to Lucio Gutierrez in 2002.

As a former military colonel and one of the masterminds behind the Mahuad coup, Gutierrez had obtained support from the indigenous population through his alliance with the CONAIE-Pachakutik Movement, which actively sought to move past neoliberal reforms and focus on the country's social agendas. His presidential campaign promised to move past neoliberal reforms and even went as far to appoint key Pachakutik leaders in his administration.⁹⁸ The Gutierrez-Pachakutik alliance broke down after only nine months due to his failure to commit to social reforms. In an effort to ensure his political survival, Gutierrez compromised with various parties and continued economic liberalization to stay on good terms with the IMF. His administration was charged with corruption, however, and, as discontent for Gutierrez grew, a surge of middle-class protest hit the country's capital, ultimately resulting in his impeachment in 2005.⁹⁹

⁹⁶ Kennemore and Weeks, "Twenty-First Century Socialism," 274.

⁹⁷ Velez, "Ecuador: Untangling the Drug War," 240.

⁹⁸ Michael Shifter, "Breakdown in the Andes," *Foreign Affairs* 83, no.4 (2004): 131, <http://www.jstor.org/stable/20034072>.

⁹⁹ Kennemore and Weeks, "Twenty-First Century Socialism," 274.

C. RAFAEL CORREA'S "CITIZEN REVOLUTION"

As mentioned above, the decade prior to the 2006 election was plagued by persistent corruption, economic grief, and protests that resulted in the "interruption" of multiple presidencies, which deeply affected Ecuador's democratic institutions.¹⁰⁰ One of the 2006 presidential candidates, Rafael Correa, disenchanted with this decade of disappointment, vowed to end the *partidocracia*—a term used to describe political parties and elites deemed responsible for the country's ongoing political and economic crisis, along with the degradation of the government's institutions.¹⁰¹

Raised in a humble middle-class family, Correa worked his way through a master's degree at the Catholic University of Leuven in Belgium and also received a second master's degree and a doctorate in Economics from the University of Illinois. Prior to his run for the presidency, he was a faculty member at the University of San Francisco in Quito and also briefly served as the Minister of the Economy under Palacio's short stint as the interim president, which served as a critical launching point for Correa's political career.¹⁰² Correa was viewed as outside of the typical Ecuadorian political elite, not only due to his lack of experience, but also because of his fierce stance against the establishment.¹⁰³ According to Catherine Conaghan, Correa led a rock-star, attention-grabbing campaign that capitalized on all forms of media, a strategy never used before in an Ecuadorian presidential campaign.¹⁰⁴ At rallies, he voiced his discontent with

¹⁰⁰ Arturo Valenzuela, "Latin American Presidencies Interrupted," *Journal of Democracy* 15, no. 2 (2004): 7, <http://www.journalofdemocracy.org/sites/default/files/Valenzuela-15-4.pdf>.

¹⁰¹ Kennemore and Weeks, "Twenty-First Century Socialism," 274.

¹⁰² Catherine M. Conaghan, "Ecuador: Correa's Plebiscitary Presidency," in *The Resurgence of the Latin American Left*, ed. Steven Levitsky and Kenneth M. Roberts (Baltimore: John Hopkins University Press, 2011), 265, <https://muse.jhu.edu.libproxy.nps.edu/books/9781421401614/9781421401614-19.pdf>.

¹⁰³ Adrián Bonilla y César Montúfar, "Two Perspectives on Ecuador: Rafael Correa's Political Project," *Flasco Andes*, August 2008, 9, http://www.flascoandes.edu.ec/sites/default/files/agora/files/1242938717.iad6447_two_perspectives0828a_0.pdf.

¹⁰⁴ Conaghan, "Ecuador: Correa's Plebiscitary Presidency," 269.

the country's economic dependency on outsiders and pledged to place the neoliberal reforms in the "trash bin of history."¹⁰⁵ Furthermore, he vowed to give "correazos," or belt whippings (to play off his name), to Ecuador's corrupt elite and rewrite the constitution.¹⁰⁶ His campaign efforts resulted in the run-off victory over Noboa, and this self-proclaimed "Christian leftist" has since proven to be one of Ecuador's most enduring political leaders, following a 10-year span marked by eight presidents.

Figure 4. President Rafael Correa



Source: Paul M. Barrett, "Ecuadorian President's Epic Chutzpah: From Snowden to Chevron," *Bloomberg*, June 25, 2013, <http://www.bloomberg.com/bw/articles/2013-06-25/ecuadorian-presidents-epic-chutzpah-from-snowden-to-chevron>.

¹⁰⁵ Conaghan, "Ecuador: Correa's Plebiscitary Presidency," 265 and 269.

¹⁰⁶ Farah and Simpson, "Ecuador at Risk," 18.

Upon taking office, Correa pressed his plan to draft a new constitution in order to begin rebuilding the state. His aim was to establish a new political system that consolidated powers in the hands of the executive branch, with all other institutions becoming subordinate and without any real voice against his domination. Correa convoked a constituent assembly to rewrite the constitution; however, it initially proved difficult because the opposition controlled multiple institutions such as law enforcement agencies, constitutional and electoral tribunals, the Supreme Court, and Congress.¹⁰⁷ The opposition-led Congress called a referendum to decide whether to convoke the assembly and, in the process, became entrapped in legal issues over the control of the electoral tribunal. As a result, the electoral tribunal removed 58 congressional opponents on accusations of electoral sabotage and obstruction, and replaced them with easily influenced legislators.¹⁰⁸ Consequently, the constitutional tribunal ruled against the action to dismiss the legislators; however, the now pro-Correa Congress replaced those judges as well.¹⁰⁹ With obstacles out of the way, Correa convoked a referendum for a constituent assembly, which gained overwhelming support—82% in favor. Subsequently, Correa's party, *Patria Altiva y Soberana*, also won 86 of the 130 assembly seats during the election.¹¹⁰ The new constitution was approved in September 2008, and its fundamental change required new elections for the presidency, congress, and positions at the local level. Correa achieved a 2009 first-round victory by attaining 52% of the votes, thus beginning a new four-year term with all the power in his hands.

Correa again succeeded in winning the 2013 election by attaining 57% of the votes, thus solidifying the country's continued movement toward an

¹⁰⁷ Bonilla and Montúfar, "Two Perspectives on Ecuador," 11.

¹⁰⁸ Conaghan, "Ecuador: Correa's Plebiscitary Presidency," 271.

¹⁰⁹ Bonilla and Montúfar, "Two Perspectives on Ecuador," 11.

¹¹⁰ Conaghan, "Ecuador: Correa's Plebiscitary Presidency," 272.

authoritarian path.¹¹¹ The manner in which the elections manifested were a great indicator of the amount of power that Correa possessed due to the lack of mechanisms for control and accountability. For example, his control over the media enabled him to embark on a nonstop campaign since he took office in 2007. In contrast, his opponents were limited to the 42 days of campaigning, with severely restricted venues that limited their exposure, thus leading to the degradation of political debate.¹¹²

As head of state, Correa has capitalized on oil revenues to implement his revolution from above, where he and his crew of eclectic technocrats aim to modernize the country and plan for Ecuador to become a key technology exporter by 2030. The goal for these “post-neoliberal technocrats” is to build *sumak kawsay*—meaning the life well lived. In elitist fashion, however, these technocrats believe they know the way forward without the need for society’s input. They also employ past strategies, such as the exploitation of natural resources and import substitution industrialization. The revenues from resource extractions have been used to alleviate poverty. Since Correa’s election in 2006, the minimum wage has increased from \$170 to \$354 per month, as of January 2015.¹¹³ The administration has also continued to provide subsidies for utilities and gasoline, and has funded the *Bono de Desarrollo Humano* (Human Development Bonus), which provides cash transfers to improve the good living of mothers, the elderly, and those with disabilities who fall under 40% of the income distribution.¹¹⁴ The amount of cash transferred increased to \$35 in 2007 and to

¹¹¹ Carlos de la Torre, “Technocratic Populism in Ecuador,” *Journal of Democracy* 24, no. 3 (2013): 35, doi: 10.1353/jod.2013.0047.

¹¹² *Ibid.*, 44.

¹¹³ Liz Scherffius, “Ecuador Increases the Minimum Wage,” *Telesur tv*, January 6, 2015, <http://www.telesur tv.net/english/news/Ecuador-Increases-the-Minimum-Wage--20150106-0037.html>.

¹¹⁴ de la Torre, “Technocratic Populism in Ecuador,” 39.

\$50 in 2012.¹¹⁵ These redistribution policies have generated an environment in which the recipients of benefits (estimated at \$2 million per month)¹¹⁶ feel obligated to reciprocate support to Correa during elections.

The oil boom that Ecuador experienced from 2007 through 2014 facilitated the president's ability to employ his post-neoliberal initiatives. Social spending increased and policies were implemented or revamped to better target poverty and inequality reduction. The increased standard of living also solidified support for the Correa regime. Although multiple events demonstrate the willingness of the administration to attack the freedom of the press and persecute certain social groups, most of the population, particularly those who receive government benefits, turn a blind eye to the injustices and prefer their elevated economic status.¹¹⁷ During Correa's time as president, he has managed to identify his opponents as the other politicians, bankers, private media, and whomever he deemed as a corporatist social movement leader.¹¹⁸ He has also succeeded in controlling all branches of government and essentially eliminated all institutional control and accountability mechanisms that stood in his way. According to de la Torre, "His government can do what it wants to cudgel the media, push forward with open-pit mining, and silence critical social movements."¹¹⁹ In all, Correa has managed to provide stability and address poverty and inequality; however, his approach to limit U.S. influence, eliminate internal political opposition, and marginalize social organizations, leads one to believe that Ecuador is still experiencing political chaos.

¹¹⁵ *European Report on Development 2015: Ecuador Country Illustration* (Quito: San Francisco University of Quito, 2014): 7, https://ec.europa.eu/europeaid/sites/devco/files/erd5-country-illustration-ecuador-2015_en.pdf.

¹¹⁶ Diana Cristina Cuenca Vicente, "Two Million Ecuadorians Receive the Human Development Bonus," *El Ciudadano*, January 13, 2014, <http://www.elciudadano.gob.ec/en/two-million-ecuadorians-receive-the-human-development-bonus-bdh/>.

¹¹⁷ de la Torre, "Technocratic Populism in Ecuador," 35.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

D. DRUG POLICIES PRE-CORREA

Although the country struggled internally, the relationship between Ecuador and the United States was on relatively positive terms due to the country's compliance with the U.S. antidrug legislations dating back to the 1980s. This directed the "War on Drugs" away from Asia to the Andes region after President Reagan's National Security Decision Directive No. 221 classified drug trafficking as a threat to national security, and legitimized the extension of the domestic drug policy beyond its borders.¹²⁰ This redirection toward the Andes included massive coca eradication efforts through a mix of repression and diplomacy, which was followed by all of Reagan's successors.¹²¹ From the 1980s to mid-1990s, the United States favorably funded the supply-side, which focused on international interdiction and domestic enforcement, instead of the demand-side that focuses on public health measures. This global interdiction and enforcement effort was taken to new heights in 2000, when President Clinton expanded the drug war with the \$1.3 billion Plan Colombia.¹²² This initiative aggressively sought to eliminate the drug industry within Colombia and provided monumental financial support to assist with the cause. Funding also increased as armed groups such as the FARC and the National Liberation Army were deemed terrorist organizations after the September 11 attacks.¹²³ Specifically, Plan Colombia provided antidrug training, sophisticated equipment, and defoliated 75,000 acres of coca in two months of operation.¹²⁴ Similar to other efforts, the balloon effect triumphed and pushed cultivation to other locations in the

¹²⁰ McCoy, "The Stimulus of Prohibition," 56.

¹²¹ Ibid., 28.

¹²² Ibid.

¹²³ Francisco E. Thoumi, "Colombian Organized Crime: From Drug Trafficking to Parastatal Bands and Widespread Corruption," in *Traditional Organized Crime in the Modern World, Studies of Organized Crime*, ed. D. Siegel and H. van de Bunt (New York: Springer Science and Business Media, 2012), 138.

¹²⁴ McCoy, "The Stimulus of Prohibition," 88.

Andes.¹²⁵ In 2002, the George W. Bush administration further exaggerated this effect by proclaiming their plan to cut drug abuse by 25% through more aggressive law enforcement.¹²⁶ According to Alfred McCoy, “At the start of the twenty-first century, the United States was fighting the drug war at home by creating the world’s largest prison population and abroad by defoliating mountain farms in Asia and the Andes.”¹²⁷

In terms of Ecuador’s domestic antidrug policies, in the 1980s and 1990s, not much attention was placed on security concerns, including the drug trade, and the country essentially followed the United States’ lead. At the international level, the Ecuadorian government accepted the terms of the 1988 Hague Convention against the illicit traffic of narcotics and psychotropic drugs as a member of the United Nations.¹²⁸ During this time frame, the Ecuadorian government published two reports that highlighted a presumed growth in illicit activities associated with precursor chemicals used to process drugs. The reports also alluded that thousands of Ecuadorians were involved and benefitting from illicit drug activities.¹²⁹ Although the report was not based on credible sources or derived from sound research methodologies, it did manage to gain mass media attention and fuel the perception that the country was facing a serious drug-trafficking problem. As Ecuador’s presumed role in the drug trade grew, the subject began to gain traction in national politics, which resulted in an increase in tension between opposing political parties. Specifically, the opposing Social Christian Party criticized the then president, Rodrigo Borja Cevallos, who

¹²⁵ McCoy, “The Stimulus of Prohibition,” 88.

¹²⁶ Ibid., 28.

¹²⁷ Ibid.

¹²⁸ *United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988* (New York: United Nations, 1988), 3, https://www.unodc.org/pdf/convention_1988_en.pdf.

¹²⁹ Sandra G. Edwards and Coletta A. Youngers, *Drug Law Reform in Ecuador: Building Momentum for a More Effective, Balanced and Realistic Approach* (Washington, DC: Washington Office on Latin America, 2010), 4, http://www.wola.org/drug_law_reform_in_ecuador.

represented the Democratic Left Party, for their relaxed approach against drug trafficking.¹³⁰

The early 1990s also witnessed an increase in U.S.-sponsored, antidrug training for the Ecuadorian police. The training, coupled with the heightened drug awareness in domestic politics, created an environment that pushed for tougher legislation against drug traffickers. The result was the passage of the 1991 Law of Narcotics Drugs and Psychotropic Substances, more commonly known as Law 108. This patchwork law was hastily derived and included many verbatim statutes found in the 1988 UN Convention against Illicit Traffic of Narcotics Drugs and Psychotropic Substances. Furthermore, the law enforced strict penalties on those in possession of or trafficking in drugs, which was an about-face from the country's previous drug legislations that focused on drugs as a public health issue.

In the mid-'90s, the country's focus shifted away from drug trafficking to its southern border with Peru to continue addressing the oldest border dispute in the Western Hemisphere over the contested *Cordillera del Condor*.¹³¹ The altercation between Ecuador and Peru over the contested area resulted in the 1995 Cenepa War, which involved the use of over 5,000 troops in a 55-square-mile area and the loss of an estimated 1,500 military personnel, along with two Ecuadorian and nine Peruvian aircraft, totaling an estimated \$1 billion in costs and resources.¹³² The government shifted its focus back to drug trafficking after Ecuador and Peru signed the 1998 Brasilia Presidential Act, finally resolving the dispute.

¹³⁰ Edwards and Youngers, *Drug Law Reform in Ecuador*, 4.

¹³¹ David Scott Palmer, "Peru-Ecuador Border Conflict: Missed Opportunities, Misplaced Nationalism, and Multilateral Peacekeeping," *Journal of Interamerican Studies and World Affairs*, no. 39, 3 (1997): 109, <http://www.jstor.org/stable/166487>.

¹³² Beth A. Simmons, *Territorial Disputes and Their Resolution: The Case of Ecuador and Peru* (*Peaceworks* No. 27) (Washington, DC: The United States Institute of Peace, 1999), 12 and 20, <http://www.usip.org/sites/default/files/pwks27.pdf>.

As previously mentioned, in 1999, the Jamil Mahuad administration entered into a 10-year agreement with the United States, which granted U.S. forces the authority to use the Ecuadorian Air Force Base in Manta. This agreement provided U.S. forces with unrestricted access to the installation, and served as a critical base to carry out counterdrug detection and monitoring operations.¹³³ The United States funded \$61.3 million for this effort, which included improvements to the runway and existing facilities.¹³⁴ Due to the FOL's close proximity to Colombia, it played a crucial role in intelligence gathering and was fundamentally integrated with the efforts underway via Plan Colombia. Ecuador's involvement in anti-trafficking enforcement drastically shifted with the initiation of Plan Colombia, since the problem was viewed as a regional issue. Ecuador was expected to help find solutions as a bordering country and because drugs and insurgents were said to freely move between the two nations. As a result, the country was the recipient of U.S. funds to increase its support for the drug war and U.S. regional security strategy.¹³⁵

The 2001–2003 Gustavo Noboa administration placed brief strains on the U.S.-Ecuadorian relationship due to Noboa's continued request for aid, despite his avid criticism of U.S. policies. The relationship, however, recuperated under the Gutierrez administration. In addition to his promise to do away with neoliberal reforms, he also campaigned to withdraw from the U.S.-led war on drugs and implement the country's own national security strategy; however, he backpedaled once he realized the amount of U.S. funds that were at stake.¹³⁶ In 2003, the U.S.-Ecuadorian relationship reached a high point upon President Gutierrez's visit to Washington, where he declared Ecuador to be the U.S. government's greatest ally.¹³⁷ Ecuador reached an accord with the U.S. to increase its efforts

¹³³ Velez, "Ecuador: Untangling the Drug War," 244.

¹³⁴ Ibid.

¹³⁵ Ibid., 237.

¹³⁶ Ibid., 228.

¹³⁷ Ibid., 245.

against drug trafficking and, according to Sandra Edwards, “In exchange for funding, equipment and new police stations, Ecuador would implement air interdiction and destroy illicit crops and the production of illicit drugs through joint military and police operations.”¹³⁸ According to Edwards and Youngers, “Between 1996 and 1999, U.S. aid to Ecuador’s military and police force grew from just under \$3-million to just under \$13-million . . . by 2004, it has increased to over \$42-million.”¹³⁹ Furthermore, immediately after President Gutierrez’s visit to the United States, the FOL expanded its operations and became the main source of monitoring Ecuador’s northern border.¹⁴⁰

E. DRUG POLICIES UNDER THE CORREA ADMINISTRATION

As promised during his first presidential campaign, upon election, Correa confirmed that his administration would push away from its reliance on U.S.-led training and assistance, and toward strengthening ties with other armed forces in the region to combat drug trafficking.¹⁴¹ Since most of the U.S. support was geared toward the War on Drugs, Correa’s focus first centered on the nonrenewal of the Manta FOL lease after its expiration in 2009.¹⁴² The Manta FOL had been an irritant for Correa and, from the onset, the agreement raised concerns and caused internal strife between the executive and legislative branches of government, since the agreement was kept secret from congress during its negotiations. In Ecuador, international agreements required congressional approval and the omission of this step resulted in the questioning of its constitutionality.¹⁴³ Concerns were also centered on the security aspects

¹³⁸ Sandra G. Edwards, *A Short History of Ecuador’s Drug Legislation and the Impact on its Prison Population*, (Washington, DC: Washington Office on Latin America, 2011), 51, http://www.wola.org/sites/default/files/downloadable/Drug%20Policy/2011/WOLATNI-Systems_Overload-ecuador-def.pdf.

¹³⁹ Edwards and Youngers, *Drug Law Reform in Ecuador*, 5.

¹⁴⁰ Velez, “Ecuador: Untangling the Drug War,” 245.

¹⁴¹ Romero, “Ecuador’s Leader Purges Military.”

¹⁴² Ibid.

¹⁴³ Velez, “Ecuador: Untangling the Drug War,” 244.

regarding the installation as a target for Colombian insurgents and also as a terrorist target, particularly after the U.S. September 11 terrorist attacks. Furthermore, Correa's ill feelings toward the base were magnified after reports indicated that the base was used to support the 2008 FARC bombings on Ecuadorian territory.

Ecuadorian drug policies have also tasked the armed forces to support counterdrug operations. All branches of the military work with the police, customs, the judicial branch, and other governmental and nongovernmental organizations to monitor the Peruvian and Colombian borders for illicit activities, such as drug trafficking.¹⁴⁴ The 2008 FARC bombing on Ecuadorian territory caused tension between the two neighboring countries. As a result, the Ecuadorian government increased its military presence along the 365-mile northern border with Colombia. The total number of soldiers operating in the area amounted to 11,000, with an approximate annual cost of \$100 million per year.¹⁴⁵ According to the 2014 Latin American Security and Defense Network's Comparative Atlas of Defense, in 2013, the Ecuadorian military deployed 1,760 personnel to various military detachments, implemented 73 drug-trafficking operations, and carried out 3,936 patrols.¹⁴⁶

The ongoing Colombian conflict against the FARC and other armed groups caused members of those organizations to infiltrate Ecuador's northern border, using the area as a safe haven for relaxation and operational planning. These groups were able to penetrate and operate since the Ecuadorian government lacked a presence in the area. To address the impacts of the

¹⁴⁴ *A Comparative Atlas of Defense in Latin America and Caribbean*, 2014 ed. (Buenos Aires: Red de Seguridad y Defensa de America Latina (RESDAL) [Security and Defense Network of Latin America], 2014): 197, <http://www.resdal.org/ing/ebook/AtlasRESDAL2014/print/atlas-completo.pdf>.

¹⁴⁵ Peter Kranstover, "Reclaiming the Northern Border: The Future of Plan Ecuador," *Dipnote (blog)*, May 25, 2010, <https://blogs.state.gov/stories/2010/05/25/reclaiming-northern-border-future-plan-ecuador>.

¹⁴⁶ *A Comparative Atlas of Defense in Latin America and Caribbean*, 197.

Colombian conflict in the northern areas of Ecuador, President Correa launched Plan Ecuador in 2007. The idea was to attach a military unit to the president that could be deployed to provide services in an ungoverned area.¹⁴⁷ The focus of this plan was to provide security to the population and to address the issues arising from poverty, exclusion, and violence that plagued the northern region. The plan was granted an executive director; however, it initially failed to gain traction due to lack of adequate funding. It was revisited in 2010, and has since financed new infrastructure such as schools, roadways, water and sanitation, and health care programs.¹⁴⁸ Between 2011 and 2012, an estimated \$22.5 million were sent to various northern populations, with funding expected to increase through 2018.¹⁴⁹ Although the plan has provided support in various capacities, the government is still limited in its ability to implement such programs where it has historically not been present.¹⁵⁰

In terms of drug policies before Correa, according to the Transnational Institute, an organization that promotes peace, equity and democracy, “Ecuador’s drug law was one of the most punitive in the Americas, with very harsh sentences for the crime of possession of even a small quantity of drugs.”¹⁵¹ In an effort to depart from such a punitive approach, and since his election, Correa has implemented a series of reforms aimed at decriminalizing drug use, issuing sentences commensurate to the crime, and increasing efforts that focus on

¹⁴⁷ Kranstover, “Reclaiming the Northern Border.”

¹⁴⁸ Maria Kingsley “Ungoverned Space? Examining the FARC’s Interaction with Local Population in Northern Ecuador,” *Small Wars and Insurgencies*, 25, no. 5-6 (2014): 1017, doi:10.1080/09592318.2014.945677.

¹⁴⁹ “A Través del Plan Ecuador se ha Destinado USD 22.5 Millones a Las Poblaciones de la Frontera Norte Desde el 2011,” [Plan Ecuador has Allocated 22.5 Million USD to Northern Border Populations Since 2011] *Agencia Publica de Noticias del Ecuador y Suramerica*, [Public News Agency of Ecuador and South America] April 16, 2013, <http://www.andes.info.ec/es/actualidad/alrededor-225-millones-dolares-han-destinado-poblaciones-frontera-norte-ecuador-2011.html>.

¹⁵⁰ Kingsley, “Ungoverned Space?” 1018.

¹⁵¹ “Drug Law Reform in Latin America: Ecuador,” Transnational Institute: Drugs and Democracy, accessed August 20, 2015, <http://druglawreform.info/en/country-information/latin-america/ecuador/item/204-ecuador>.

health.¹⁵² Government policies prior to Correa promoted a “head count” approach, or the mass detention of individuals, to drug interdiction in Ecuador. In 2005, a \$15.7-million bilateral security agreement between Ecuador and the United States stipulated such logic by demanding a 10% increase in drug seizures and a 12% increase in narco-trafficker detentions.¹⁵³ As a result, Fleetwood and Torres state, “This logic of quantification directs interdiction efforts to interventions where large numbers of people can be arrested; in short, toward mules instead of middlemen or managers.”¹⁵⁴

Correa’s first step toward such reforms can be traced back to Article 364 of the 2008 Constitution, which asserts addiction as a public health issue and as a noncriminal offense.¹⁵⁵ An immediate follow-on occurred in July 2008, with the pardon of over 2,000 drug mules convicted under the harsh penalties invoked under Law 108.¹⁵⁶ Furthermore, an additional estimated 2,500 microtraffickers, or small-scale drug dealers, were released by September 2009.¹⁵⁷ Law 108 was replaced by the *Código Orgánico Integral Penal* (COIP) in October 2011, and in February 2014, the approval of Articles 219–228, addressed the scale of punishment based on the amount of drugs in possession. It allowed for the decriminalization of drugs, since the new articles established the maximum

¹⁵² “Drug Law Reform in Latin America: Ecuador.”

¹⁵³ Jennifer Fleetwood and Andreina Torres, “Mothers and Children of the Drug War: A View From A Women’s Prison in Quito Ecuador,” in *Children of the Drug War: Perspective on the Impact of Drug Policies on Young People*, ed. Damon Barrett (New York: International Debate Education Association, 2011), 128.

¹⁵⁴ Ibid.

¹⁵⁵ “Republic of Ecuador: Constitution of 2008,” Political Database of the Americas, Georgetown University, last updated January 31, 2011, accessed November 20, 2015, <http://pdba.georgetown.edu/Constitutions/Ecuador/english08.html>.

¹⁵⁶ Jorge Vicente Paladines, “The Seven Steps of Drug Policy Reform in Ecuador: Recent History and a Look toward the Future,” Washington Office on Latin America, June 10, 2015, http://www.wola.org/commentary/los_siete_pasos_de_la_evolucion_de_la_reforma_de_drogas_en_ecuador.

¹⁵⁷ Fleetwood and Torres, “Mothers and Children of the Drug War,” 139.

amount of drugs that an individual could legally carry.¹⁵⁸ Furthermore, possession under Law 108 would result in a sentence of 12 to 16 years and up to 25 years for multiple substances, whereas Article 220 of the COIP imposed a minimal sentence, ranging from two to six months, for minor cases above the legal limit.¹⁵⁹

F. U.S.-ECUADORIAN RELATIONS: A DOWNWARD TREND

Ecuador's relationship with the United States was once one of two close allies, but since Rafael Correa took office in 2007, it can now best be described as "rocky." The 2001 terrorist attacks on the United States resulted in a shift in international security focus away from the Americas and toward Iraq and Afghanistan. This shift, coupled with the opposition to neoliberal reform, resulted in the proliferation of leftist governments in Latin America, primarily in the Andean region; Hugo Chávez in Venezuela, Evo Morales in Bolivia, and Rafael Correa in Ecuador.¹⁶⁰ The election of these individuals marked the beginning of challenges against the hegemonic United States. Correa's anti-American stance is ironic, considering his U.S. education, that he leads the only country in South America to use the U.S. dollar as its currency, and maintains a strong trade relationship with the United States.¹⁶¹ Throughout his tenure, Correa has confronted the U.S.'s economic and political power and its influence in the region, which he has labeled as "imperialist."¹⁶²

A salient contributor to the strain in this relationship is the closure of the U.S. military's Manta FOL. The United States viewed the nonrenewal of the

¹⁵⁸ "Republic of Ecuador: Constitution of 2008."

¹⁵⁹ Paladines, "The Seven Steps of Drug Policy Reform in Ecuador."

¹⁶⁰ Cristobal Rovira Kaltwasser, "Moving Beyond the Washington Consensus: The Resurgence of the Left in Latin America," *International Politics and Society*, 2010, no. 3, (2010): 53, http://library.fes.de/pdf-files/ipg/ipg-2010-3/2010-3__kaltwasser_us.pdf.

¹⁶¹ Michael Shifter, "U.S. Learning to Live with Strained Ecuador Ties," *World Politics Review*, January 7, 2014, <http://www.worldpoliticsreview.com/articles/13477/u-s-learning-to-live-with-strained-ecuador-ties#>.

¹⁶² Ibid.

base's lease as a public "jab," especially after the significant investments that it made to the FOL. Javier Ponce, the appointed Defense Minister, and an avid critic of the U.S. armed forces, stated, "We must get past our legacy of relying too much on military relations with the United States, with President Bush showing little regard for national borders or sovereignty."¹⁶³ The relationship between the two countries was making progress during the first Obama administration and reached another high point when U.S. Secretary of State Hillary Rodham Clinton visited Ecuador in 2010 (see Figure 5). During these visits, both countries agreed to forgo ideological differences in favor of continued dialog.¹⁶⁴ This honeymoon was short-lived and tensions intensified due to Ecuador's compensation demands from Chevron and freedom of speech restrictions.

¹⁶³ Shifter, "U.S. Learning to Live with Strained Ecuador Ties."

¹⁶⁴ *Toward a Common Agenda for the Andean Countries and the United States: Andean-U.S. Dialogue Forum*, (Atlanta: The Carter Center, 2011), 23, https://www.cartercenter.org/resources/pdfs/news/peace_publications/americas/andean-common-agenda-en.pdf.

Figure 5. Hillary Clinton and Ecuadorian President Rafael Correa



Source: Rory Carroll, "Clinton Talks Tax to Latin America, Saying Rich Must Pay Their Share," *The Guardian*, June 9, 2010, <http://www.theguardian.com/world/2010/jun/09/hillary-clinton-latin-america-tour>.

International tensions flared in 2010, after five police officers were killed during a demonstration protesting their pay and working conditions, which the Correa administration declared an attempted coup. The incident's coverage by the administration's opposing newspaper, *El Universo*, included an article that criticized the administration's handling of the protest. In turn, Correa sued the newspaper and won a \$40 million settlement, along with a three-year prison sentence for three executives and the journalist who covered the story.¹⁶⁵ Correa pardoned the four individuals after intense international pressure and criticism from the Organization of American States' (OAS's) Special Rapporteur on Freedom of Expression.¹⁶⁶ After his reelection in 2013, his attacks on the media

¹⁶⁵ June S. Beittel, *Ecuador: Political and Economic Conditions and U.S. Relations*, (CRS Report No. R43135) (Washington, DC: Congressional Research Service, 2013): 2, <http://www.fas.org/sgp/crs/row/R43135.pdf>.

¹⁶⁶ Ibid.

continued, however, when he publicized a new Communications Law, which regulates both broadcast and print media. The new law was passed in June 2013, and provides the government with broad powers to limit free speech and requires that all information be vetted by the government for accuracy prior to release. The regulatory body created from the law, the Superintendence of Information and Communications (Supercom), has embarked on a campaign ordering media and journalists to recant or apologize for information it considers misleading.¹⁶⁷ Within a year of the law's passage, the Human Rights Watch organization registered 67 press threats aimed at journalists, and 18 of those were forced corrections.¹⁶⁸ Criticism of Ecuador continues from the United States and other international actors for its use of criminal charges in response to media allegations, which is contrary to the media's role in a democratic society.¹⁶⁹

The long-lasting legal battle between the U.S. oil corporation, Chevron, and the Ecuadorian government is another source of tension between the two countries. This 20-year-old case continues to live on as Ecuador relentlessly demands compensation for environmental damage done to the eastern part of the country. The case was first tried in Ecuador and, in 2011, Chevron was found liable for \$9.5 billion in damages.¹⁷⁰ Ecuador was unable to collect, since Chevron did not have any assets in the country; therefore, they were forced to file a suit in the U.S. and in other countries where Chevron held assets. In 2013, Correa criticized the U.S. oil company and referred to Chevron as "that enemy of our country." He further stated, "We are going to tell Latin America what Chevron has done in our country to shirk its responsibility, with that criminal campaign that

¹⁶⁷ *World Report 2015: Ecuador* (New York: Human Rights Watch, 2015), <http://www.hrw.org/world-report/2015/country-chapters/ecuador?page=1>.

¹⁶⁸ "Communications Law One Year Later: Journalists Still Under Pressure," Reporters Without Borders, accessed October 27, 2015, <http://rsf.org/supercom/en.html#1>.

¹⁶⁹ "Ecuador: End Assault on Free Speech," Human Rights Watch, June 17, 2013, <http://www.hrw.org/news/2013/06/17/ecuador-end-assault-free-speech>.

¹⁷⁰ Miguel Tinker Salas, "Can Ecuador Bring Chevron to Justice?" *Al Jazeera America*, April 24, 2015, <http://america.aljazeera.com/opinions/2015/4/can-ecuador-bring-chevron-to-justice.html>.

is waging against Ecuador.”¹⁷¹ That same year, Ecuador launched the worldwide “Dirty Hand” boycott against the company. The boycott slogan is a reference to Correa’s tradition of dipping his hand into oil waste when he visits various contaminated sites throughout the Amazonian rainforest.¹⁷² Chevron refuses to pay, however, claiming that Ecuador’s own oil company, PetroEcuador, is responsible for the contamination. Chevron has also sued Ecuador’s American attorney, Steven Donziger, and invoked the Racketeer Influenced and Corruption Organizations (RICO) Act, claiming Donziger bribed the Ecuadorian judge in the case. The case continues to stifle relations with the United States, as Chevron exerts its financial power to prolong the proceedings and as Correa uses the U.S. oil company as a symbol of American imperialism.¹⁷³

The WikiLeaks revelations also hindered relations and sparked a series of back and forth political shots between both countries. Due to the disclosures revealing that Correa was aware of police corruption, President Correa declared the U.S. Ambassador persona non grata and expelled her from Ecuador. The United States then expelled the Ecuadorian ambassador two days later; however, the diplomatic relationship was mended in September of 2011 with the agreement to resume ambassadorial-level relations.¹⁷⁴ The following year, Ecuador provided asylum to WikiLeaks founder, Julian Assange, at their London embassy, which displeased the United States, since his organization published a large amount of classified U.S. information. In 2013, the National Security Agency contractor, Edward Snowden, followed suit in requesting asylum in Ecuador to evade espionage charges from the release of classified U.S. surveillance documents. Correa would not consider the request until Snowden

¹⁷¹ *Agence France Presse*, “Ecuador President Rafael Correa.”

¹⁷² Paul M. Barrett, “Ecuador’s President Takes Chevron Fight to U.S.,” *Bloomberg Business*, April 9, 2014, <http://www.bloomberg.com/bw/articles/2014-04-09/ecuadors-president-takes-chevron-fight-to-u-dot-s>.

¹⁷³ *Ibid.*

¹⁷⁴ “Fact Sheet: U.S. Relations with Ecuador,” The Department of State, July 27, 2015, <http://www.state.gov/r/pa/ei/bgn/35761.htm>.

was physically in Ecuador or at one of its embassies. To exert its power on Correa, the United States considered the nonrenewal of the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which has been in place since the early 1990s and contributed to an estimated \$429 million in nonoil exports in 2012.¹⁷⁵ Although Snowden was not granted asylum in Ecuador, Correa was willing to end the ATPDEA to show its displeasure with U.S. policy.¹⁷⁶ Ultimately, Ecuador's position was that it would not accept pressure or be threatened by anyone.¹⁷⁷ In addition, Correa claimed that the ATPDEA turned into a blackmail mechanism and unilaterally resigned from the agreement, allowing it to expire on July 31, 2013.¹⁷⁸ The incident attained the highest level of political attention, with a personal phone call from U.S. Vice President Joe Biden to President Correa cordially requesting that he deny Snowden's request.¹⁷⁹ In sum, the back-and-forth jabs and tension created from the WikiLeaks ordeal did not contribute to the overall mending of the relationship between the countries.

In addition to many other factors that have caused tensions between the United States and Ecuador under the Correa administration, recent acts indicate the relationship is not improving. Although the United States provided counternarcotics operational and logistical support in 2014, Ecuador has continued to assume greater responsibility in such operations. In turn, the U.S. Department of State's Bureau of International Narcotics and Law Enforcement

¹⁷⁵ Neuman and Landler, "Ecuador Risks Trade Problems."

¹⁷⁶ John Sinden, "Diplomatic Crossroads: A Look at U.S.-Ecuador Relations," International Relations (blog), American University, December 15, 2014, <http://ironline.american.edu/crossroads-a-look-at-u-s-ecuador-diplomacy/>.

¹⁷⁷ "Ecuador Renuncia Unilateralmente a ATPDEA con EE.UU.," [Ecuador Unilaterally Resigns the ATPDEA with the U.S.] *El Universo*, June 27, 2013, <http://www.eluniverso.com/noticias/2013/06/27/nota/1083461/ecuador-renuncia-unilateralmente-atpdea-eeuu>.

¹⁷⁸ International Trade Administration, "Trade Preference Program: The Andean Trade Promotion and Drug Eradication Act (ATPDEA)," Department of Commerce, accessed July 30, 2015, <http://web.ita.doc.gov/tacgi/eamain.nsf/6e1600e39721316c852570ab0056f719/53018ab5e2d8426a852573940049684c?OpenDocument>.

¹⁷⁹ Beittel, *Ecuador: Political and Economic Conditions and U.S. Relations*, 7.

Affairs shut down their narcotics technical assistance office in Quito in September 2014.¹⁸⁰ Furthermore, the Correa administration recently announced that it was asking the U.S. Agency for International Development to leave, due to accusations that the organization was backing Correa's opposition.¹⁸¹ In January 2015, Correa publicly announced that the U.S. embassy had too many U.S. military officers assigned to it. Correa said, "There are about 50 . . . what justifies that?" He further stated, "Unfortunately, these people have been infiltrated in all sectors, which scandalously seemed normal. They flew in the helicopters of the Air Force, of the Army. It was normal for foreign soldiers to be flying with our soldiers in frontier areas."¹⁸² The Correa administration requested the departure of all U.S. military members from the Security Cooperation Office; however, it did not include those assigned to the U.S. Military Attaché's office.¹⁸³ Most recently, the Correa administration proposed significant increases to inheritances and capital gains taxes, which sparked a series of middle-class protests that occurred on the eve of Pope Francis's visit to Ecuador in July 2015. The tax proposal was withdrawn; however, discontent remains over Correa's aggressive governing style, his austerity measures, and other complaints.¹⁸⁴

¹⁸⁰ U.S. Department of State, *International Narcotics Control Strategy Report* (2014), 160.

¹⁸¹ *The Associated Press*, "Ecuador: President to Ask U.S. Officers to Leave," *The New York Times*, January 22, 2014, http://www.nytimes.com/2014/01/23/world/americas/ecuador-president-to-ask-us-officers-to-leave.html?_r=0.

¹⁸² *Ibid.*

¹⁸³ *Prensa Latina*, "Ecuador Orders U.S. Military Officers to Leave the Country," Global Research Center for Research on Globalization, April 26, 2014, <http://www.globalresearch.ca/ecuador-orders-us-military-officers-to-leave-the-country/5379280>.

¹⁸⁴ William Newman, "Pope Francis Lands in Ecuador to Begin South American Trip," *The New York Times*, July 5, 2015, <http://www.nytimes.com/2015/07/06/world/americas/francis-hailed-as-pope-of-the-people-arrives-in-ecuador-on-3-nation-tour.html?ref=topics>.

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IV. EXPLAINING THE INCREASE IN COCAINE FLOW

A. INTRODUCTION

Chapters II and III provided background on Ecuador's current role in the cocaine trade and the country's political environment in the decade prior to, and during, the Correa administration. The research to address Ecuador's role in the cocaine trade highlights that increases in cocaine seizures are better explained by a greater flow of cocaine transiting through Ecuador via TCOs operating within the country, rather than by the effectiveness of counternarcotics operations implemented by the Correa administration. Furthermore, the political environment has also set the stage for these organizations to flourish due to steps taken by the administration to distance themselves from the United States and recent drug law reforms that have been implemented. This chapter discusses the factors that drive the increase in cocaine flow by first discussing the common explanations that are enabling cocaine trafficking to thrive in corrupt and weak institutions. Ecuador's geographical location is also a common explanation; however, it is not discussed further in this chapter since Chapter II provides a lengthy discussion of that topic. The following section focuses on other particularities within Ecuador, and discusses how the new drug reforms and the elimination of U.S. intervention help to further explain the increase in cocaine flow.

B. COMMON EXPLANATIONS

1. Corruption

As discussed in Chapter III, the decade of political instability, between 1996 and 2006, witnessed multiple acts of corruption that called for the removal of various presidents. Although Correa's presidential campaign vowed to "smack down the country's corrupt elites,"¹⁸⁵ his administration has attained high corruption rankings, and Correa has also been linked to numerous corruption

¹⁸⁵ Conaghan, "Ecuador: Correa's Plebiscitary Presidency," 269.

scandals.¹⁸⁶ According to Andreas and Martinez, “Corruption associated with illicit trade directly affects the quality of political institutions, drug-related violence undermines public security, and these two factors undermine citizens’ trust in democracy.”¹⁸⁷ They also highlight how corruption, in terms of accountability and transparency, has a negative effect in reaching democratic consolidation. Furthermore, they assert that those engaged in illicit activities often seek to access to, or become part of the state apparatus to manipulate, enforcement of laws in their favor.¹⁸⁸

According to Transparency International, a corporate and political corruption monitoring organization, Ecuador’s 2014 corruption perception ranking was 110 of the 175 countries that were ranked and achieved a score of 33 out of 100.¹⁸⁹ These results place it as the third-most corrupt country in South America, behind Venezuela and Paraguay, and on par with the northern triangle countries of Central America—Honduras, El Salvador, and Nicaragua. The comparison to Central America is indeed alarming, considering the challenges that region faces and how the security situation has deteriorated there, as crime and violence threaten the governments of that region.¹⁹⁰ Furthermore, the Heritage Foundation, a research and educational think tank, stated in their 2015 Index of Economic Freedom for Ecuador that “The government’s anti-corruption agency reported in 2013 that cronyism, impunity, excessive discretion, fragmented anticorruption policies, lack of correspondence between offenses and sanctions, and collusion were among the factors that have favored the persistence of

¹⁸⁶ Noriega, “Ecuador: Is There a Future Beyond Correa?”

¹⁸⁷ Peter Andreas and Angelica Duran-Martinez, “The International Politics of Drugs and Illicit Trade in the Americas,” (Research Paper No. 2013-05, Watson Institute for International Studies, Brown University, Providence, RI, 2013), 13, <http://dx.doi.org/10.2139/ssrn.2326720>.

¹⁸⁸ Ibid., 14.

¹⁸⁹ “Corruption by Country: Ecuador,” Transparency International, accessed January 4, 2016, <https://www.transparency.org/country/#ECU>.

¹⁹⁰ Peter J. Meyer and Clare R. Seelke, *Central America Regional Security Initiative: Background and Policy Issues for Congress* (CRS Report No. R41731) (Washington, DC: Congressional Research Service, 2014), 1, <https://www.fas.org/sgp/crs/row/R41731.pdf>.

corruption in Ecuador.”¹⁹¹ Although corruption continues in Ecuador, since 2005, Ecuador’s freedom of corruption score has improved by 25 points.¹⁹² To combat corruption, the 2008 constitution founded the Transparency and Social Control branch of the government, which is responsible for investigating corruption. In 2013, this branch launched an anticorruption plan that aims to rid the country of corruption by 2017.¹⁹³ This new branch was necessary since the previous drug law, Law 108, called for the prosecution of government officials who impeded any ongoing prosecution of an individual charged with corruption; however, the law did not criminalize other actions, such as government officials engaged in corruption. Although the above efforts have been implemented to curb corruption, resource limitations and political pressure contribute to the low corruption prosecution rate.¹⁹⁴ Regardless of the plan to curb corruption, the low scores indicate that corruption can still be found in the current administration.

Correa’s ties to corruption can be traced to his first presidential race, when he announced that government contracts would not be awarded to family members. His brother, Fabricio Correa, however, won \$167 million in contracts for road construction and oil services within Correa’s first two years in office by registering his company in Panama.¹⁹⁵ President Correa became infuriated when the media released the story and claimed that it was a smear tactic targeted at his administration. Ultimately, Correa rescinded the contracts once it became

¹⁹¹ “2015 Index of Economic Freedom: Ecuador,” The Heritage Foundation, accessed January 4, 2016, <http://www.heritage.org/index/country/ecuador>.

¹⁹² “Freedom from Corruption: Graph the Data,” The Heritage Foundation, accessed January 4, 2016, <http://www.heritage.org/index/visualize?countries=ecuador&type=9>.

¹⁹³ “Plan Nacional de Prevencion y Lucha Contra la Corrupcion,” [National Plan for Prevention and Fight Against Corruption] Atribuciones Y Funciones, [Powers and Functions] Función de Transparencia y Control Social, [Transparency and Social Control] Gobierno del Ecuador, [Government of Ecuador] accessed January 5, 2016, <http://www.ftcs.gob.ec/swftcs/index.php/2014-08-15-19-26-03/atribuciones-y-funciones>.

¹⁹⁴ U.S. Department of State, *International Narcotics Control Strategy Report* (2015), 163.

¹⁹⁵ J.D. Bowden, “Countries at the Crossroads: Ecuador,” in *Countries at the Crossroads 2011: An Analysis of Democratic Governance*, ed. by Jake Dizard, Christopher Walker, and Vanessa Tucker (New York: Freedom House, 2011): 193.

clear that they, indeed, existed. This episode resulted in a family feud in which President Correa stated that his brother was “unbalanced by greed”¹⁹⁶ and, consequently, Fabricio divulged further actions of corruption undertaken by the president’s inner circle and that Correa’s chief of staff also accepted bribes. These allegations of corruption were promised an investigation; however, to date, it has not come to fruition.¹⁹⁷

Charges also surfaced that the FARC provided funds, generated by the sale of cocaine, to Correa’s first presidential campaign.¹⁹⁸ This information came from a video that showed Jorge Briceño, then FARC secretariat and its no. 2 commander, reading a manifesto written by the group’s founding member, Manuel Marulanda, prior to his death. The manifesto lamented the Colombian Army’s seizure of large amounts of electronic documents resulting from the bombing of the FARC base camp along the Ecuadorian border that killed their foreign minister, Raul Reyes, along with over 20 insurgents.¹⁹⁹ The video further shows Briceño stating that their secrets had been compromised, to include their financial support to the Correa presidential campaign. After decrypting the Reyes’ laptop, the Colombian government confirmed that four documents they found supported the allegations. According to Nigel Inkster, the FARC was initially unimpressed with Correa; however, as his popularity increased and radical rhetoric became intriguing, they provided \$400,000 to support his campaign, which included \$300,000 from other FARC allies.²⁰⁰ The investigation also revealed that several key members of his administration actively maintained

¹⁹⁶ Farah and Simpson, “Ecuador at Risk,” 27.

¹⁹⁷ Ibid.

¹⁹⁸ Ibid., 28.

¹⁹⁹ Adriaan Alsema, “FARC Admits Financing Presidential Campaign of Rafael Correa,” *Colombia Reports*, July 17, 2009, <http://colombiareports.com/farc-admit-financing-presidential-campaign-of-rafael-correa/>.

²⁰⁰ Nigel Inkster, “The FARC Files: Venezuela, Ecuador and the Secret Archive of Raul Reyes,” *The International Institute for Strategic Studies*, May 10, 2011, <https://www.iiss.org/en/about%20us/press%20room/press%20releases/press%20releases/archive/2011-71f3/may-fa17/farc-english-press-statement-72b5>.

contact with FARC insurgents, to include his new minister of national security, the deputy minister of national security, and the ambassador to Venezuela. Correa denounced the allegations, accused the Colombian government of fabrication, and believed the laptop would have never survived the bombing.²⁰¹ He also relieved those officials who were determined to have maintained ties with the FARC.²⁰²

Identifying recent acts of corruption under the Correa administration is a difficult feat, because of his control over the media and heavy-handed techniques with journalists or media outlets revealing acts of corruption. An example of such an approach occurred when police raided the home of investigative journalist Fernando Villavicencio at the direction of Correa's general counsel. According to Villavicencio, the police confiscated documents that contractually tied PetroEcuador to PetroChina. The agreement stipulated that Ecuador would sell China oil below the market's price for their consumption in exchange for billions of dollars in loans from China. Reuters validated this in its investigation, which revealed that only 2% of the oil was shipped to China in 2013, and China profited in the billions by selling the remaining percentage at market price to U.S. oil companies such as Chevron, Exxon, and Mobile.²⁰³ Villavicencio stated that "contracts between Ecuadorian and Chinese state oil companies are evidence of corruption and hypocrisy by Correa and his administration."²⁰⁴ Correa sentenced Villavicencio to 18 months in prison, fined him \$140,000, and imposed a public

²⁰¹ Adriaan Alsema, "FARC Admits Financing Presidential Campaign."

²⁰² Farah and Simpson, "Ecuador at Risk," 28.

²⁰³ Daniel Wiser, "Ecuadorian Journalist: Police Stole Docs Involving Government Corruption," *The Washington Free Beacon*, January 21, 2014, <http://freebeacon.com/issues/ecuadorian-journalist-police-stole-docs-involving-government-corruption/>.

²⁰⁴ Ibid.

apology.²⁰⁵ Subsequently, the cartoonist Xavier “Bonil” Bonilla published an illustration of the raid, resulting in verbal attacks from Correa due to his claim that it portrayed false information (see Figure 6). In an interview, Bonilla exclaimed the cartoon was based on credible information, but contained exaggerated aspects for comic effect; he was, however, eventually ordered to rectify his drawing publicly (see Figure 7).²⁰⁶

Figure 6. Bonilla’s Illustration of the Raid on Fernando Villavicencio’s Home



Source: Sofía Ramírez Fionda, “Periódico El Universo “Rectifica” por Orden del Gobierno Ecuatoriano,” *PanAm Post*, February 5, 2014, <http://es.panampost.com/sofia-ramirez-fionda/2014/02/05/periodico-el-universo-rectifica-por-orden-del-gobierno-ecuatoriano/>.

²⁰⁵ Diego Cruz, “Judge Sentences Ecuadorian Journalist Fernando Villavicencio to 18 Months in Prison,” *Journalism of the Americas*, March 26, 2014, <https://knightcenter.utexas.edu/blog/00-15354-judge-sentences-ecuadorian-journalist-fernando-villavicencio-18-months-prison>.

²⁰⁶ “Ecuadorian Cartoonist Bonilla Verbally Assaulted by President,” Cartoonists Rights Network International, accessed December 22, 2015, <http://cartoonistsrights.org/bonil/>.

Figure 7. Bonilla's Rectified Illustration



Source: Sofía Ramírez Fionda, "Periódico El Universo "Rectifica" por Orden del Gobierno Ecuatoriano, *PanAm Post*, February 5, 2014, <http://es.panampost.com/sofia-ramirez-fionda/2014/02/05/periodico-el-universo-rectifica-por-orden-del-gobierno-ecuatoriano/>.

The 2015 INCSR report highlights that narcotic-related corruption remains a problem and sheds light on two cases within the security police forces. The first occurred in September 2014, with the arrest of five police officers charged with operating an international trafficking operation. The second event occurred the following month, with the arrest of another 13 police officers involved in trafficking activities, and with the ensuing investigation further implicating 206 other officers who were relieved from duty.²⁰⁷ The previous 2014 INCSR report also highlights actions of corrupt police officials. The report cites the case of Esmeraldas' police commander, who was given a six-year prison sentence for supporting the Sinaloa Cartel and for his attempt to transport 1.5 tons of cocaine to Mexico.²⁰⁸ The Ecuadorian national police have implemented anticorruption measures within its force that include the authority to dismiss corrupt officers, increased internal affairs involvement, and polygraph tests. Unfortunately, in 2012, of the

²⁰⁷ U.S. Department of State, *International Narcotics Control Strategy Report* (2015), 163.

²⁰⁸ U.S. Department of State, *International Narcotics Control Strategy Report* (2014), 160.

1,100 polygraph tests administered, 50% failed to pass, resulting in their dismissal from the police force.²⁰⁹

Recent news articles also highlight further police corruption and their involvement in trafficking activities. In October 2014, an incident occurred that involved senior police officers. The case involved a colonel who previously led Interpol in Ecuador and three other officers, one of whom was a major, who packed shipping containers with drugs for international export. Two other cases involved the arrest of seven police officers for their attempts to transport 250 kilos of drugs to Europe and for their alleged ties to criminal organizations. Furthermore, five officers were arrested for charging a \$4,000 passage fee per kilo of cocaine sent through Quito's international airport.²¹⁰ Most recently, a case involved three Ecuadorian police officers travelling from Colombia in a patrol vehicle full of drugs. Agents interdicted the three police officers, resulting in a firefight among force members and the killing of one suspect and one agent.²¹¹ Acts of corruption in Ecuador, particularly those involving the drug trade, is a problem found in both the administration and the police force. Identifying acts of corruption within the government is tough, and when it is revealed, the story gets minimal attention due to the administration's control of the media.

Journalists also fear the repercussions of releasing information that may implicate high-ranking government officials. The notion that corruption is occurring at the national level reverberates throughout the government's institutions, and the backlog of corruption investigations within all sectors of the government sheds light on the fact that it is rampant. As highlighted in the narrative above, corruption has also impacted those charged with the task of

²⁰⁹ U.S. Department of State, *International Narcotics Control Strategy Report* (2014), 156.

²¹⁰ Marguerite Cawley, "Ecuador Police-Narco Links Point to Trouble Ahead," *InSight Crime*, October 30, 2014, <http://www.insightcrime.org/news-briefs/ecuador-police-narco-links-point-to-trouble-ahead>.

²¹¹ James Bargent, "Drug Bust Sparks Deadly Shootout Between Ecuador Police," *InSight Crime*, January 7, 2015, <http://www.insightcrime.org/news-briefs/drug-bust-sparks-deadly-shootout-between-ecuador-police>.

public security. According to the U.S. Department of State 2013 Human Rights report, “Corruption; poor hiring procedures; and insufficient training, supervision, and resources impaired National Police effectiveness.”²¹² The report further asserts that police officers suspected of corruption are often transferred to other units or shielded from judicial actions.²¹³ These acts of corruption serve as an open invitation for TCOs, since they know they can operate with the support of those tasked to serve the public.

2. Weak Institutions

The issue of corruption occurring within Ecuador, as noted above, reverberates throughout the country and impacts other institutions; most notably the judicial, financial, and security institutions. Aside from their corruptibility, these weak institutions also contribute to criminal activities on their own. According to the last five INCSR reports, Ecuador “is . . . vulnerable to transnational criminal organized crime due to weak public institutions”²¹⁴ Unfortunately, the INCSR reports, along with other reports, fail to elaborate on exactly what “weak public institutions” means in the case of Ecuador. The following sections briefly discuss two of the above-mentioned institutions, judicial and financial, in further detail. The security institution is not discussed, since its weakness is evident based in the information provided above.

a. The Judicial System

Ecuador’s judicial system is slow and has lagged in establishing a system that operates without political influence. For example, recent reforms have

²¹² U.S. Department of State, *Ecuador 2013 Human Rights Report* (Washington, DC: Department of State, 2013), 6, <http://www.state.gov/documents/organization/220651.pdf>.

²¹³ Ibid.

²¹⁴ In the introductory paragraph of the current and previous four International Narcotics Control Strategy Reports, Ecuador has been identified as vulnerable to crime due to weak institutions. Source: U.S. Department of State, *International Narcotics Control Strategy Report* (2015), 160.

allowed the administration to place its allies in key judicial positions.²¹⁵ The prison system helps illustrate Ecuador's slow judicial system and how it may contribute to an increase in cocaine trafficking. As mentioned in Chapter III, prior to the passage of the new criminal code in 2014, the use of a heavy-handed approach toward criminalizing drug-related activities resulted in prison overcrowding throughout the country. According to Marguerite Cawley, between 2009 and October 2013, the prison population increased by 122% and was 96% over capacity. Furthermore, the percentage of the total prison population awaiting trial was 37%.²¹⁶ The most recent statistics from the World Prison Brief, dated September 2014, shows that overcapacity has decreased to 14%; however, pretrial detainees have increased by over 10% to 48.8%.²¹⁷ The decrease in overcapacity is not the result of a lower inmate population, as evidenced by Ecuador's 2014 prison rate of 162 per hundred thousand, which has gone up significantly since the prison rate of 79 per hundred thousand in 2010. While the decrease in overcrowding is attributed to the establishment of new and refurbishment of old prison centers throughout the country, the prison population continues to increase. Although the new centers may improve conditions, the increase in remand detention illustrates that judicial proceedings continue to lag.

Another aspect that may be causing the increase in detention rates is the justice system's inability to effectively investigate crimes. According to the 2015 Rule of Law Index, generated by the World Justice Project, on a scale from 0 to 1, Ecuador scored 0.40 in effective investigations and 0.38 in timely and effective adjudications.²¹⁸ Under the previous drug law, Law 108, preventive detention

²¹⁵ "2015 Index of Economic Freedom: Ecuador."

²¹⁶ Marguerite Cawley, "Ecuador Jails Swell with Pretrial Detentions, Cocaine Trafficking," *InSight Crime*, December 12, 2013, <http://www.insightcrime.org/news-briefs/ecuador-prison-population-rises-as-cocaine-hauls-increase>.

²¹⁷ "Ecuador World Prison Brief," Institute for Criminal Policy Research, last updated September 14, 2014, <http://www.prisonstudies.org/country/ecuador>.

²¹⁸ "Rule of Law Index 2015: Ecuador," World Justice Project, accessed January 9, 2016, <http://data.worldjusticeproject.org/#/groups/ECU>.

associated with drug charges was widely accepted, and once detention was granted, a person could be held indefinitely. The increase in pretrial detentions further shows the practice continues to be a problem.

Drawing on the experiences in Central America is not a direct parallel; however, those retained in detention, according to Sandra Edwards, are mostly made up of problematic drug users and those from the poorer sectors of society, become further exposed to criminal activities and continue their behavior due to weak rehabilitation programs.²¹⁹ The Ecuadorian government is aware of their rehabilitation shortfall and vowed to take control over private rehabilitation centers and create publicly funded centers throughout the country by 2015. Currently, the Ecuadorian government operates 15 publicly funded rehabilitation centers and, as of September 2015, only two are dedicated to drug rehabilitation—one operating in Quito and the other in Guayaquil. Furthermore, the country has over a hundred private centers that are costly and unaffordable to the poor, often requiring those in need to obtain loans to receive care.²²⁰ The lack of rehabilitation opportunities, coupled with the exposure to hardened and connected criminals, can lead inmates or detainees, specifically the poorer ones, to turn or return to criminal activity upon their release, thus providing trafficking organizations with individuals to fulfill their operations at the ground level. The increased levels in microtrafficking, discussed in more detail in Section C, further solidify this point.

To address a system plagued by inefficiency and political influence, in 2011 the Correa administration began judicial reforms to address such problems. His plan included the appointment of judges to the two highest judicial bodies:

²¹⁹ Sandra G. Edwards, *A Short History of Ecuador's Drug Legislation*, 55.

²²⁰ Fernando Medina, El Tratamiento para Dejar las Drogas es Costoso, [Drug Cessation Treatment is Costly] *El Comercio*, September 14, 2014, <http://www.elcomercio.com/actualidad/tratamiento-drogas-costoso-ecuador-seguridad.html>.

the 21-member National Court, along with a 9-member constitutional court.²²¹ Members of the opposition, along with international experts, voiced their concerns about the appointment process used to fill the seats in the two courts. They felt that the process lacked transparency and that the selection committee responsible was too closely aligned with the Correa administration.²²² The reforms resulted in the removal of hundreds of judges and the methods used to remove them raised questions about the independence of the judicial system. From an individual judge's perspective, independence means that judges are under no pressure to rule in a certain way. Furthermore, independence can only occur when the judge is not under the control of someone who has a stake in the issue that requires a judgment. Consequently, in their 2014 report, the Due Process of Law (DPLF) foundation, in conjunction with *Dejusticia* and the Legal Defense Institute, a partnership dedicated to strengthening rule of law and human rights in Latin America, published multiple cases in which the government exerted its influence on the judicial system when the administration's interests were at stake. The actions are clearly indicative of judicial independence violations.²²³ When the judicial system lacks independence, issues such as abuse of power or violations of human rights rarely result in convictions. When convictions are reached, they are done so only in exceptional cases. According to Roberto Laver, "Among all of the weaknesses of a developing country's judiciaries, a lack of judicial independence is among the most serious because it infringes on the ability of judiciaries to carry out their primary responsibilities."²²⁴ Laver then goes on to list such responsibilities; however, the most relevant to this

²²¹ "Ecuador Freedom in the World 2015," Freedom House, accessed January 10, 2016, <https://freedomhouse.org/report/freedom-world/2015/ecuador>.

²²² Ibid.

²²³ Luis Pásara, *Judicial independence in Ecuador's Judicial Reform Process: Executive Summary Report*, (Washington, DC: Due Process of Law Foundation, 2014), 2–9, http://www.dplf.org/sites/default/files/indjud_ecuador_executivereport_eng.pdf.

²²⁴ Roberto Laver, "The World Bank and Judicial Reform: Overcoming 'Blind Spots' in the Approach to Judicial Independence," *Duke Journal of Comparative & International Law* 22, no. 2 (2012): 200, <http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=1287&context=djcil>.

project is “deterrence of crime.” A weak judiciary facilitates criminal actions due to their inability to successfully prosecute crime, which, in turn, leads to impunity that favors the criminal organizations operating in the country. In Ecuador, although the events discussed in the 2014 report by the DPLF did not involve drugs, they serve to highlight the administration’s willingness to intervene in the judicial realm. International or local criminal organizations and gangs, who are known for their ability to penetrate institutions and influence government officials, can exploit the judiciary system to facilitate a low-risk environment for their operations.

b. The Financial System

Continuing the discussion of weak institutions, we now turn to Ecuador’s financial system to show how dollarization and money laundering makes Ecuador an ideal setting for criminal activity. In 2000, Ecuador converted from the Sucre to the dollar as their legal tender after the failure of economic reforms resulted in the deep recession of 1999. In the 1990s, Ecuador failed to open their economy to international trade and capital markets. The country witnessed large fiscal deficits, along with high external debt, magnified by low oil prices and the catastrophic impacts that El Nino weather patterns had on agricultural production.²²⁵ According to Quispe-Agnoli and Whisler, “These external shocks resulted in low economic growth, inflation, and liquidity problems in an already fragile banking sector.”²²⁶ They further asserted that, “Several developments contributed to Ecuador’s economic collapse in 1999: the devaluation of the Sucre in February, a freeze on bank deposits in March, a default on external debt

²²⁵ Myriam Quispe-Agnoli and Elena Whisler, “Official Dollarization and the Banking System in Ecuador and El Salvador,” *Economic Review* 91, no. 3 (2006): 59, https://www.frbatlanta.org/research/publications/economic-review/2006/q3/vol91no3_banking-system-in-ecuador-and-el-salvador.aspx.

²²⁶ Ibid.

payments in September, and the country's overall political uncertainty and lack of policy direction."²²⁷

Ecuador is currently the only South American country to use the U.S. dollar as their legal tender; however, in Central America, Panama and El Salvador also use the dollar as their currency. According to a 2014 White House report, "Drug users in the United States spend on the order of \$100 billion annually on cocaine, heroin, marijuana, and meth."²²⁸ Furthermore, the United States is also the largest consumer of cocaine in the world.²²⁹ In addition, the U.S. dollar is also the most commonly used currency in the world.²³⁰ Considering Ecuador's currency and its location at the center of the most prolific cocaine-producing region of the world, framed together with the above-mentioned statistics, it is no wonder why drug-trafficking organizations and gangs seek to operate out of Ecuador. The use of the dollar in Ecuador makes trafficking drugs much easier in two key ways. First, it makes transactions easier since it eliminates the additional step to convert currency; therefore, large amounts of drug-generated dollars do not stand out from the local currency. Second, it facilitates money-laundering activities. According to Miriam Wells, "some \$3 billion, or four percent of the country's gross domestic product (GDP), were allegedly laundered in Ecuador in 2011."²³¹ According to Hirst, "Ecuador is allegedly an increasingly important money laundering hub for a variety of non-

²²⁷ Quispe-Agnoli and Whisler, "Official Dollarization," 59.

²²⁸ Beau Kilmer et al., *What America's Users Spend on Illegal Drugs: 2000–2010*, (Santa Monica, CA: The Rand Corporation, 2014): 3, https://www.whitehouse.gov/sites/default/files/ondcp/policy-and-research/wausid_results_report.pdf.

²²⁹ "The World Factbook: Country Comparison to the World," Central Intelligence Agency, accessed January 15, 2016, <https://www.cia.gov/library/publications/the-world-factbook/fields/2086.html>.

²³⁰ Richard Silk, "Yuan is World's Fifth Payment Currency," *The Wall Street Journal*, January 28, 2015, <http://www.wsj.com/articles/yuan-is-worlds-fifth-payments-currency-1422431603>.

²³¹ Miriam Wells, "Ecuador Remains on International Money Laundering Blacklist," *InSight Crime*, February 27, 2013, <http://www.insightcrime.org/news-briefs/ecuador-remains-on-international-money-laundering-blacklist>.

state and rogue actions, due to its dollarized economy.”²³² Strong banking secrecy laws and lenient restrictions in transferring money has also historically amplified money-laundering activities in Ecuador.²³³ On a positive note, in October 2015, the Financial Action Task Force (FATF), the international group responsible for setting anti-money-laundering standards, removed Ecuador from their blacklist since they made significant process in addressing anti-money-laundering shortfalls.²³⁴ In 2013, Ecuador was the only South American country to remain on the FATF’s blacklist with countries like Syria and Pakistan, due to deficiencies in their anti-money-laundering system.²³⁵ Despite Ecuador’s efforts to curb money-laundering activities, the dollarization of the country’s economy has facilitated such activities, making it significantly more appealing for TCOs, and thus further helping to explain the increases in the flow of cocaine throughout Ecuador.

C. EXPLANATIONS SPECIFIC TO ECUADOR

1. The New Drug Law Reforms and the Growth of Microtrafficking

As discussed in Chapter III, Articles 219-228 of Ecuador’s new COIP became law in February 2014. The change in the law also coincides with the increases in cocaine seizures that reached a five-year high of 61.3 tons in 2014; primarily of cocaine, but also other drugs. As of mid-2015, statistics show that seizures were on target to reach the 100-ton mark and eclipse the 10-year high set in 2009. The link between the new drug law and the increase in cocaine flow

²³² Joel Hirst, “The ALBA: Iran’s Gateway,” in *Iran’s Strategic Penetration of Latin America*, ed. Joseph M. Humire and Ilan Berman (Lanham: Lexington Books, 2014), 25.

²³³ “Ecuador Country Profile,” International Security Sector Advisory Team, last updated January 13, 2015, accessed October 12, 2015, <http://issat.dcaf.ch/Learn/Resource-Library/Country-Profiles/Ecuador-Country-Profile>.

²³⁴ Samuel Rubinfeld, “Ecuador, Sudan Removed from Money Laundering Blacklist,” *The Wall Street Journal*, October 26, 2015, <http://blogs.wsj.com/riskandcompliance/2015/10/26/ecuador-sudan-removed-from-money-laundering-blacklist/>.

²³⁵ “High-Risk and Non-Cooperative Jurisdictions,” Financial Action Task Force, February 22, 2013, <http://www.fatf-gafi.org/media/fatf/documents/statements/Public%20Statement%2022%20february%202013.pdf>.

can be found in the elevated growth of microtrafficking. In essence, the drug law decriminalized the possession of small amounts of drugs and established more rational penalties.²³⁶ Furthermore, the intent of the drug law reforms was to assert addiction as a public health issue, rather than as a criminal offense. Therefore, those caught with drugs could be taken to a rehabilitation center instead of prison.²³⁷ This dynamic creates a less-threatening environment for the small-scale drug peddler at the local level, and provides the big-time trafficker with a pool of individuals willing to take the higher-stake risks.

Coincidentally, the domestic distribution of drugs concerns the government, considering the amount of seizures being conducted at the local scale. In early 2015, a seizure of 13.3 tons of cocaine revealed that 3.4 tons were destined for Ecuador's micro-trafficking networks. Furthermore, in the first few months of 2015, the Ecuadorian police discovered 52 organizations dedicated to microtrafficking.²³⁸ A report written by two researchers from *La Facultad Latinoamericana de Ciencias Sociales*—Fredy Rivera and Daniel Potón, indicate that those who distribute cocaine to the domestic market also capitalize on established routes used to get cocaine to ports for export.²³⁹ As mentioned in Chapter II, Colombian and Mexican cartels control the many routes that traverse Ecuadorian territory. These cartels recruit Ecuadorians as the labor force to help facilitate their illicit operations. Ricardo Camacho, in an interview with *InSight*

²³⁶ Carla Álvarez Velasco, "Reforms and Contradictions in Ecuador's Drug Policy," Washington Office of Latin America, August 15, 2015, 2, http://www.wola.org/sites/default/files/Drug%20Policy/Ecuador%20memo%20English_FINAL.pdf.

²³⁷ Carly Schwartz, "Ecuador May Become the Next Country to Decriminalize Drug Use," *The Huffington Post*, April 21, 2015, http://www.huffingtonpost.com/2015/04/20/ecuador-drug-laws_n_7103618.html.

²³⁸ "Policia de Ecuador ha Decomisado 13,3 Toneladas de Drogas en lo que va de 2015," [Ecuador Police have Seized 13.3 Tons of Drugs so far in 2015] *Agencia Publica de Noticias del Ecuador y Suramerica*, [Public News Agency of Ecuador and South America] February 23, 2015, <http://www.andes.info.ec/es/noticias/policia-ecuador-decomisado-133-toneladas-droga-va-2015.html>.

²³⁹ "Informe de la Flasco revela rutas de ingreso de droga al Ecuador," [Flasco Report Reveals the Drug Entry Routes to Ecuador] *El Universo*, April 14, 2014, <http://www.eluniverso.com/noticias/2014/04/14/nota/2715766/informe-revela-rutas-ingreso-droga-pais>.

Crime, stated, “The Ecuadorians are the ones driving the trucks, loading the containers, and guarding the drug shipments.”²⁴⁰ Many of these organizations associated with micro-trafficking are composed of familial clans, while others are local and foreign gangs.²⁴¹ One of the main cartels operating in Ecuador, the Mexican Sinaloa Cartel, is known to pay their local networks in cocaine instead of cash. As such, the increase in drug exports is commonly followed by an increase in local micro-trafficking efforts, since the cocaine received as payment floods the domestic markets.²⁴²

The growth of microtrafficking has impacted several cities throughout the country. The most notably affected is the country’s capital, Quito, where the local drug market is fed by drug shipments traveling through the northern provinces of Sucumbíos and Esmeraldas, on the Colombian border. The central city of Ambato is also deeply affected and, according to police reports, eight local organizations are known to operate in the area. On the coast, the city of Manta, which was once the home of a U.S. FOL, has identified four hubs dedicated to microtrafficking.²⁴³ The local operations are lucrative for those involved, as it is believed that neighborhoods in Quito generate an estimated \$200,000 to \$400,000 per month from micro-trafficking.²⁴⁴ Before to the loss of key members, the La Cordillera gang from Colombia was estimated to earn \$20,000 per day in Quito’s local drug trade.²⁴⁵

²⁴⁰ Pachico, “Is the Sinaloa Cartel Feeding Ecuador’s Domestic Drug Trade?”

²⁴¹ “Policía identifica familias vendedoras de drogas,” [Police Identify Drug Selling Families] *El Telegrafo*, November 20, 2013, <http://www.telegrafo.com.ec/justicia/item/policia-identifica-familias-vendedoras-de-drogas.html>.

²⁴² Natalie Southwick, “Are Crime Families Fueling Rise in Ecuador Domestic Drug Trade?” *InSight Crime*, November 20, 2013, <http://www.insightcrime.org/news-briefs/family-clans-increasingly-involved-in-ecuadors-drug-trade>.

²⁴³ Pachico, “Is the Sinaloa Cartel Feeding Ecuador’s Domestic Drug Trade?”

²⁴⁴ *Ibid.*

²⁴⁵ Southwick, “Are Crime Families Fueling Rise in Ecuador Domestic Drug Trade?”

Consequently, in September 2015, President Correa convened his assembly to quickly approve reforms for the newly approved COIP in an effort to increase penalties for micro traffickers.²⁴⁶ Correa claimed that micro traffickers were obtaining “impunity,” as well as “poisoning the population.”²⁴⁷ This action was a reversal to his rhetoric of the previous year that avidly criticized the heavy-handed approach toward drugs and advocated the need to lessen penalties for drug possession. According to Correa, “the government seeks to harden the scales and penalties on the illicit traffic of drugs.”²⁴⁸ He further asserted that “we will completely rectify the tables to obtain a zero tolerance drug policy.”²⁴⁹ Changes were applied to all commonly used substances; however, heroin and cocaine saw the most dramatic of changes. The 2014 table used to differentiate between the small-, medium-, high-, and large-scale of illicit traffic of narcotics allowed a person to possess a maximum of 50 grams of cocaine and still fall under the small scale (see Table 1).²⁵⁰ The 2015 table pushed by Correa drastically reduced the small-scale possession to two grams (see Table 2).²⁵¹ Furthermore, those who are caught and deemed to fall within the small scale are only sentenced to two to six months in prison.²⁵² These light sentences serve as virtual impunity, since preventive detention does not apply to sentences of less than one year. Therefore, micro traffickers seize opportunities to skip their

²⁴⁶ “Rafael Correa Anuncia Reformas al COIP Para Incrementar Sanción al Microtráfico,” [Rafael Correa Announces Reforms to the COIP to Increase Sanctions Against Microtrafficking] *El Universo*, September 5, 2015, <http://www.eluniverso.com/noticias/2015/09/05/nota/5105744/presidente-anuncia-reformas-codigo-penal-incrementar-sancion>.

²⁴⁷ Arron Daugherty, “Ecuador Toughens Drugs Laws, Muddles Policy,” *InSight Crime*, September 10, 2015, <http://www.insightcrime.org/news-briefs/ecuador-president-proposes-tougher-punishment-for-microtraffickers>.

²⁴⁸ “Correa Pide Mayor Pena por Microtráfico de Droga,” [Correa Calls for Major Penalties for Microtrafficking] *El Tiempo*, September 6, 2015, <http://www.eltiempo.com.ec/noticias-cuenca/167902-correa-pide-mayor-pena-por-microtrafico-de-droga/>.

²⁴⁹ “Correa Pide Mayor Pena por Microtráfico de Droga.” [Correa Calls for Major Penalties for Microtrafficking].

²⁵⁰ Velasco, “Reforms and Contradictions,” 4.

²⁵¹ Daugherty, “Ecuador Toughens Drugs Laws, Muddles Policy.”

²⁵² Velasco, “Reforms and Contradictions,” 3.

hearings, serve their sentence, and continue dealing.²⁵³ In all, Correa's return to the heavy-hand approach, due to heightened levels of microtrafficking activity and fueled by the trafficking organizations operating within the country, supports the idea that the new drug law passed in early 2014 created a less-threatening environment to sell drugs, which contributed to the increase in cocaine flow within Ecuador.

Table 1. July 2014 Narcotics Table for Sanctioning Illicit Trafficking on a Small, Medium, and Large Scale

Narcotic Substances – July 2014								
Scale (Grams) Net Weight	Heroin		Cocaine Base		Cocaine Hydrochloride		Marijuana	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Minimum	0	1	0	50	0	50	0	300
Medium	1	5	50	500	50	2,000	300	2,000
High	5	20	500	2,000	2,000	5,000	2,000	10,000
Grand Scale	20 and above		2,000 and above		5,000 and above		10,000 and above	

Source: Jorge Vicente Paladines Rodríguez, "Nuevas Penas para Delitos de Drogas en Ecuador: "Duros Contra los Débiles y Débiles Contra los Duros: La Lección no Aprendida," [New Penalties for Drug Crimes in Ecuador: "Hard against the Weak and Weak against the Strong: Lessons Not Learned] The Transnational Institute, October 8, 2015, <https://www.tni.org/es/art%C3%ADculo/nuevas-penas-para-delitos-de-drogas-en-ecuador-duros-contra-los-debiles-y-debiles-contra>.

²⁵³ Daugherty, "Ecuador Toughens Drugs Laws, Muddles Policy."

Table 2. September 2015 Narcotics Table for Sanctioning Illicit Trafficking on a Small, Medium, and Large Scale

Narcotic Substances – September 2015								
Scale (Grams) Net Weight	Heroin		Cocaine Base		Cocaine Hydrochloride		Marijuana	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Minimum	0	0.1	0	2	0	1	0	20
Medium	0.1	0.2	2	50	1	50	20	300
High	0.2	20	50	2,000	50	5,000	300	10,000
Grand Scale	20 and above		2,000 and above		5,000 and above		10,000 and above	

Source: Jorge Vicente Paladines Rodriguez, “Nuevas Penas para Delitos de Drogas en Ecuador: “Duros Contra los Débiles y Débiles Contra los Duros: La Lección no Aprendida,” [New Penalties for Drug Crimes in Ecuador: “Hard Against the Weak and Weak Against the Strong: Lessons Not Learned] The Transnational Institute, October 8, 2015, <https://www.tni.org/es/art%C3%ADculo/nuevas-penas-para-delitos-de-drogas-en-ecuador-duros-contra-los-debiles-y-debiles-contra>.

2. Reduced U.S. Counternarcotics Involvement

The narrative in Section F of Chapter III highlights the growing tension in U.S.-Ecuador relations and sheds light on the diminished role of U.S. counternarcotics involvement. To briefly recap Chapter II, the events contributing to the United States’ reduced counterdrug presence began with the closure of the Manta FOL in 2009, followed by the closure of the U.S. Security Cooperation Office in 2014, and culminated with the closure of the Department of State’s Bureau of International Narcotics and Law Enforcement Affairs (INL) Technical Assistance Office in 2014. This section further demonstrates how the reduction of U.S. involvement in counternarcotics efforts within Ecuador also creates a low-threat environment in which trafficking organizations and gangs are able to operate.

As with the drug law reforms discussed above, the closure of the two latter entities also coincided with the heightened amount of cocaine seizures in the last two years. The same pattern held with the closure of the FOL. In 2009, the year that the FOL closed, drug seizures totaled 68.05 tons, resulting in a 10-year high.

According to Andrew Yeo, “Washington noted that missions involving the Manta FOL in the Eastern Pacific and Andean mountains significantly contributed to U.S. counter drug strategic policies in Latin America.”²⁵⁴ Considering the importance of the FOL and its impact on counterdrug efforts, the high rate of cocaine seizures can also be explained by the reduced threat of trafficking due to the FOL’s drawdown. Seizures plunged significantly in the following year; however, they subsequently continued to grow each year thereafter toward the levels we see today. In the years following the FOL’s closure; however, Ecuador did manage to obtain the title of the “UN of organized crime”²⁵⁵ due to the influx of TCOs operating from the country.

In early 2014, President Correa publicly denounced the presence of the estimated 50 U.S. military members in the embassy Military Group, claiming the number to be “scandalously high” and that it would not be allowed.²⁵⁶ Furthermore, Ecuador’s decision to reduce the number of U.S. military personnel was based on their position that the country had adequately increased its capacities and resources to assume an independent approach toward its defense and security. The government touted their 2013 seizure rates for narcotics and illegally laundered funds and that their investments in security surpassed all Latin American countries.²⁵⁷ Based on the administration’s return to a heavy-handed approach, resulting from the increase in microtrafficking, these assessments are erroneous. As a result, the Security Cooperation Office that operated at the U.S. embassy in Quito closed its doors on April 30, 2014. The Department of State

²⁵⁴ Andrew Yeo, *Activists, Alliances, and Anti-U.S. Base Protests* (Cambridge: Cambridge University Press, 2011), 89.

²⁵⁵ Pachico, “Ecuador the ‘UN of Crime.’”

²⁵⁶ “Gobierno dice Relación de Seguridad con EE.UU. Debe Regirse por el Respeto Mutuo,” [Government Says U.S. Security Relationship Should be Governed by Mutual Respect] *El Comercio*, accessed December 28, 2015, <http://www.elcomercio.com/actualidad/seguridad/gobierno-dice-relacion-de-seguridad.html>.

²⁵⁷ “Statement from the Embassy of Ecuador to the United States Regarding Agreement to Scale Back U.S. Military Presence in Ecuador,” Embassy of Ecuador in the United States, accessed January 12, 2016, <http://www.ecuador.org/blog/?p=3756>.

respected the host nation's decision and released a statement stating that military cooperation between the two countries "has resulted in significant advances against drug trafficking . . . and other transnational crime."²⁵⁸ At the time of its closure, the SCO managed 12 Ecuadorian-approved programs that ranged from training to procurement to humanitarian assistance.²⁵⁹ Consequently, some of the programs targeted the reduction of illicit trade along the coast and along both the southern and northern borders.²⁶⁰ The programs were then transferred to Ecuador for their evaluation and potential financing, if deemed necessary.²⁶¹

On the heels of the SCO's closure, William Brownfield, the U.S. Assistant Secretary of State and head of the INL, announced in May 2014 that Ecuador's INL office would close the following September. According to the Department of State, the INL "works to keep Americans safe at home by countering international crime, illegal drugs, and instability abroad."²⁶² According to Charles Parkinson, the withdrawal further widened the gaps in the region's antidrug operations.²⁶³ His comment is based on the notion that Ecuador became the third country, behind Bolivia and Venezuela, to remove the U.S. counternarcotic presence and influence, of which all three are key trafficking hubs. In all, the removal of these two key entities severely affected the United States' counternarcotics influence in

²⁵⁸ Eric Auner, "Fraying Relationship with Ecuador a Blow to U.S. Counternarcotics Efforts," *World Politics Review*, May 23, 2014, <http://www.worldpoliticsreview.com/trend-lines/13805/fraying-relationship-with-ecuador-a-blow-to-u-s-counternarcotics-efforts>.

²⁵⁹ "Security Cooperation Office," Embassy of the United States in Ecuador, accessed January 13, 2016, <http://ecuador.usembassy.gov/policy/the-united-states-military-group---usmilgrp.html>.

²⁶⁰ Ibid.

²⁶¹ "Statement from the Embassy of Ecuador."

²⁶² "Bureau of International Narcotics and Law Enforcement Affairs," U.S. Department of State, accessed January 13, 2016, <http://www.state.gov/j/inl/>.

²⁶³ Charles Parkinson, "Withdrawal from Ecuador Creates Latest Hole in U.S. Anti-Drug Ops," *InSight Crime*, May 8, 2014, <http://www.insightcrime.org/news-briefs/withdrawal-from-ecuador-creates-latest-hole-in-us-anti-drug-coverage>.

the country and left subsequent efforts in the hands of the host government, further creating a low-threat environment for traffickers to conduct business.

In addition to the lack of U.S. counternarcotics influence contributing to a low-threat trafficking environment, the strained political relations between the two countries also further exacerbates the increase in Ecuador's cocaine flow. In Section Three of the White House's *Strategy to Combat Transnational Crime: Addressing Converging Threats to National Security*, in which it outlines U.S. strategy to combat transnational organized crime, the word "sophisticated" is used to describe TCOs three times.²⁶⁴ The White House is not alone in their characterization of TCOs, as numerous other reports and organizations use the same or similar verbiage. According to Marvelli and Finckenauer, "Sophistication . . . involves the degree of preparation and planning for the crime and how much skill and knowledge are needed in order to commit the crime."²⁶⁵ The point regarding their sophistication is to posit that TCOs understand the political environments where they hope operate. Ecuador's political environment, its drug law reforms, its anti-U.S. stance, and its removal of vital antidrug efforts, presented an opportunity for TCOs to exploit, which this research asserts that they did, and did well. The result is a low-threat environment in which TCOs are able to operate.

²⁶⁴ *Strategy to Combat Transnational Crime: Addressing Converging Threats to national Security*, (Washington, DC: The White House, 2011), 13, <https://www.whitehouse.gov/sites/default/files/microsites/2011-strategy-combat-transnational-organized-crime.pdf>.

²⁶⁵ David A Marvelli and James O. Finckenauer, "The Threat of Harm by Transnational Organized Crime: A U.S. Perspective, in *Routledge Handbook of Transnational Organized Crime*, ed. by Felia Allum and Stan Filmour (New York: Routledge, 2012), 509.

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V. CONCLUSION AND RECOMMENDATIONS

A. CHAPTER SUMMARIES

1. The Ecuadorian Drug Trade

The debate is ongoing as to whether the recent number of cocaine seizures indicates that more cocaine is flooding the country, or if the country's antinarcotics efforts are simply more effective. With the increase in TCOs operating in Ecuador, the former reflects a more accurate picture, which helps support the first hypothesis presented in this paper. The Mexican cartels have pushed their way down the cocaine supply chain, through Central America, toward the production end in the Andean region. Within the last five years, their presence in Ecuador has continued to grow and, although violence has not escalated to the levels witnessed in Mexico, Central America, or Colombia, it could easily increase, as criminal organizations from all over the world seek to dominate Ecuador's trafficking routes.

Chapter I attempted to describe where the country stands in terms of the cocaine supply chain. As expected and repeatedly mentioned, Ecuador is not a major coca producer; however, it is a major transit hub for cocaine distribution worldwide. Current events reveal that the cocaine entering from the northern and southern borders is destined for Ecuador's coast for maritime trafficking. The most popular methods of export include speed boats, barges, semisubmersibles, submersibles, and container shipments. As Ecuadorian hired-hands assist the cartels to move their merchandise, organizations such as the Sinaloa Cartel pay them in drugs, which, in turn, fuel the country's profitable, local, microtrafficking networks. In sum, cocaine seizures are escalating, the number of processing labs are on the rise, and violent and powerful TCOs are present in search of higher profits.

2. U.S.-Ecuadorian Relations

In 2006, Rafael Correa emerged victorious as Ecuador's president on the promise to end the political corruption and ineptitude that occurred in the decade prior to his election, and to distance the country from Western-driven economic reforms and influence. While Correa has successfully accomplished what he set out to do, he has also managed to create an internal political arena where he holds all political power and has suppressed opponents, such as the media and social organizations. Chapter II discussed the political environment within Ecuador and the significant number of events that have strained relations between Ecuador and the United States. Upon his election, he closed the Manta FOL, assumed a greater role in the country's own counternarcotics operations, closed the U.S. Security Cooperation office, expelled U.S. officials, and essentially decriminalized drug possession under the country's new drug law.

3. Explanations and Findings

Addressing the above two topics is necessary in order to adequately respond to the research questions driving this thesis project, while also supporting the second hypothesis that posits that the political environment, coupled with the removal of U.S. counternarcotics influence, creates a low-threat environment for criminal organizations to operate in, thus resulting in increased cocaine flow through Ecuador. Chapter IV first discussed corruption and weak institutions as common reasons that help explain why cocaine flow is increasing within Ecuador. The chapter then turned its focus to more specific explanations within Ecuador.

In terms of corruption, as of 2014, a corruption perception index ranked Ecuador as the third-most corrupt country in South America. Instances of corruption have been linked to President Correa, as in the case when the FARC provided funds to support Correa's first presidential campaign. Another example includes the award of government contracts to his brother, despite Correa's

promise to not award contracts to family members. In cases where corruption scandals are exposed, the government has responded in a tough manner against journalists responsible for the story and taken retaliatory actions against them including incarceration, monetary fines, orders to rectify the story, and requiring public apologies. Furthermore, multiple examples exist that demonstrate how narcotics-related corruption is a problem within the Ecuadorian police force. This environment openly invites criminal organizations, since they understand that those tasked to serve the public may be mostly interested in serving themselves.

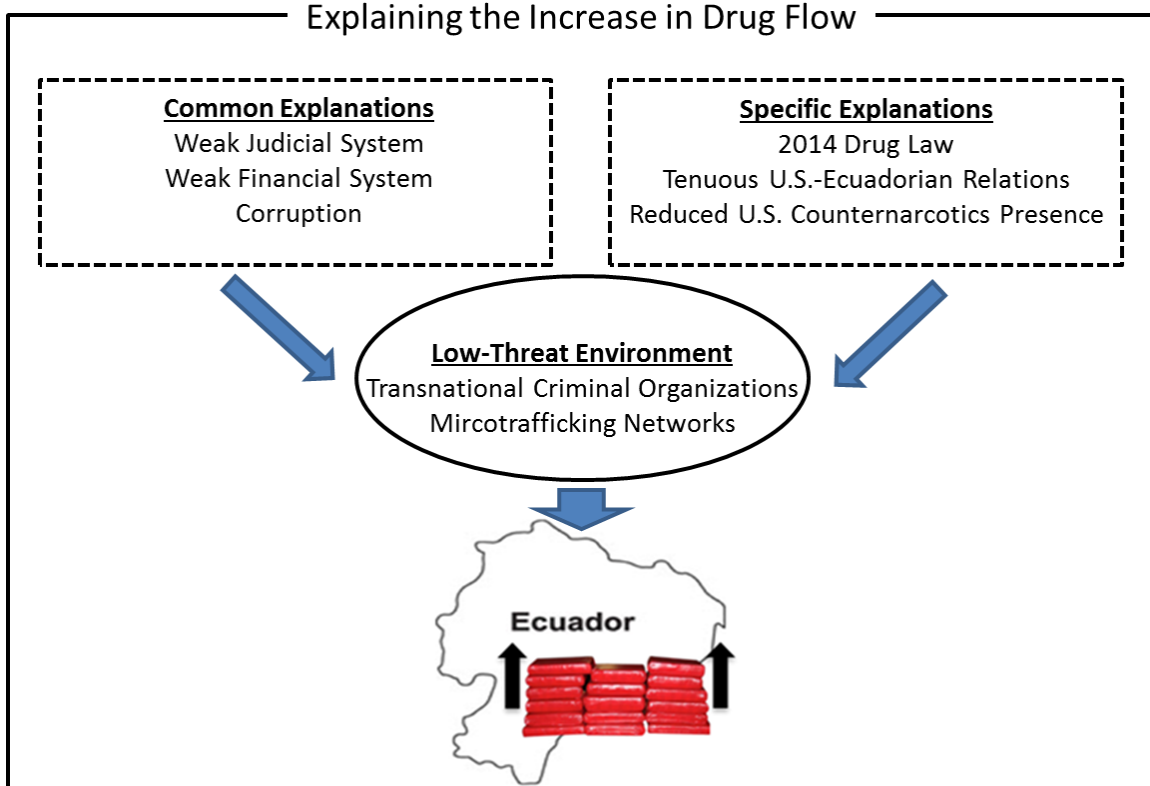
Weak institutions also contribute to criminal activities and Chapter III specifically addresses the judicial and financial systems. Ecuador's judicial system is slow, as evidenced by the increase in pretrial detention rates, and is subject to political interference due to the administration placing its allies in key judicial positions. The justice system's inability to investigate crimes is also a concern, since many of those held in detention are habitual drug users or from the poor sectors of society. While in detention, these individuals are further exposed to criminal activities and are also not offered an effective rehabilitation program. As a result, these individuals may become a hiring pool for trafficking organizations upon their release due to their limited options. The recent escalation of microtrafficking further helps to validate this point. Furthermore, the lack of judicial independence inhibits the judiciary's ability to carry out its primary responsibilities, one of which is to deter crime. In turn, this facilitates criminal actions and can lead to impunity, which favors the criminal organizations operating within the country. To summarize Ecuador's financial system, the country's adoption of the U.S. dollar as the legal tender and its reputation for laundering money make Ecuador an ideal setting for criminal activity.

The 2014 drug reform essentially decriminalized the possession of small amounts of drugs and relaxed penalties. Coincidentally, in 2014, when the new drug law was passed, the country also reached its five-year high in cocaine seizures. In essence, the relaxed laws resulted in heightened levels of

microtrafficking. Organizations dedicated to microtrafficking increased and have utilized established drug routes used to export cocaine out of the country. Many of these routes are controlled by major organizations such as the Sinaloa Cartel, which uses the local population to conduct the ground-level logistics. Furthermore, these cartels pay, or reward, their foot soldiers in drug product, which is then sold to their local populations. Reports indicate that microtrafficking is expanding due to its profitability in major cities that are now becoming key hubs. Interestingly, President Correa recognized that his 2014 reforms were the cause of the increased seizures by creating an environment of impunity and, therefore, stiffened the laws in late 2015. Correa's change to a zero-tolerance approach supports that his 2014 reforms created a less-threatening environment for drug traffickers operating at all scales and thus contributed to the increase in cocaine flow.

In addition to the 2014 drug law, the reduction of the U.S. presence and its counternarcotic involvement in Ecuador also help explain the increase in the country's drug flow. In early 2014, President Correa publicly criticized the number of U.S. military members present at the U.S. embassy in Quito, and the following April, the SCO closed its doors. The counternarcotics programs spearheaded by the SCO, which were intended to reduce illicit trade in areas throughout the country, were either terminated or transferred to the Ecuadorian military. Soon after, the INL, another major counternarcotics player, ceased its operations. The removal of these two organizations severely impacted the United States' counternarcotics influence in Ecuador. Furthermore, these instances compounded the already tenuous relationship between the two countries. With the United States out of the counternarcotics picture, sophisticated criminal organizations, who understand the political environment, are aware of Ecuador's relaxed drug reforms, and are tuned-in to the country's anti-U.S. rhetoric, understand that Ecuador is a low-threat environment for drug trafficking and, therefore, flood the country with cocaine. Figure 8 provides a summation of the findings from this thesis.

Figure 8. Explaining the Increase in Drug Flow



B. RECOMMENDATIONS

1. Prioritize Rebuilding Trust and Influence in Ecuador

Despite the tenuous relations, the United States should prioritize rebuilding trust and influence in Ecuador. The tide in Ecuador may turn with Correa's presidential term ending in 2017. Furthermore, the anti-Correa protests that rocked the country in late 2015, and the resurgence of the right-of-center governments in the region, are also signs that change may come. The United States must, therefore, be ready to support such a change, improve its relationship with Ecuador, and seek opportunities to exert its influence there. In spite of strained relations, positive signs of support are seen from both the Department of State and Defense. As of July 2015, the Department of State has continued to provide support for Ecuador aimed at strengthening rule of law,

security, countertrafficking, academia, and climate change; however, such support remains limited.²⁶⁶ Regarding the Department of Defense, General John F. Kelly, Commander of the United States Southern Command, in his 2015 United States Southern Command Posture Statement, recognized Ecuador's decision to eliminate the U.S. military presence in Ecuador and stated, "Despite such complex and evolving regional dynamics . . . U.S. Southern Command is ready and willing to partner with all regional militaries on issues like respect for human rights, disaster response, and illicit trafficking."²⁶⁷

Ecuador's participation in UNITAS Pacific 2015 is a great example of how the United States can continue to build trust and influence. This scenario-based exercise included navies from around the world to test command and control, and to promote interoperability and cooperation among partner nations.²⁶⁸ To ensure that Ecuador does not turn into the next narco-state, U.S. policy makers must continue to find creative ways to build trust and promote efforts that strengthen the country's ability to counter its drug flow. Fortunately, the United States has a cooperative relationship with both of Ecuador's bordering countries—Colombia and Peru. As a result, U.S. policy makers should enhance counterdrug support targeted to Colombia's southern and Peru's northern border, which indirectly support Ecuador.

2. Andean Region Intelligence Fusion Center

To further augment support in the border areas, Ecuador, Peru, and Colombia should expand regional cooperation through the implementation of an Andean region intelligence fusion center. As a major transit hub for cocaine

²⁶⁶ "Fact Sheet: U.S. Relations with Ecuador."

²⁶⁷ *Posture Statement of General John F. Kelly, United States Marine Corps Commander, United States Southern Command: Before the Senate Armed Service Committee Congress, 114th Cong., (2015) (statement of General John F. Kelly, Commander of United States Southern Command): 9*, http://www.defenseinnovationmarketplace.mil/resources/SOUTHCOM_POSTURE_STATEMENT_FINAL_2015.pdf.

²⁶⁸ "Southern Seas: UNITAS 2015," United States Southern Command, December 16, 2015, <http://www.southcom.mil/newsroom/Pages/Southern-Seas-UNITAS-2015.aspx>.

destined to worldwide markets and because most of the cocaine trafficked through Ecuador originates in either Colombia or Peru, interagency intelligence cooperation through a regional fusion center can help bring drug trafficking in the area under control. A fusion center is formally defined as, a “collaborative effort of two or more agencies that provide resources, expertise, and information to the center with the goal of maximizing their ability to detect, prevent, investigate, and respond to criminal and terrorist activity.”²⁶⁹ Fusion centers emerged in the United States after the 9/11 terrorist attack on the World Trade Center to improve communications between local, state, and federal agencies, and the private sector. Over the last 15 years, these centers have evolved into the National Network of Fusion Centers, whose mission is to analyze threat information and intelligence to protect the nation from criminal activity and terrorism.²⁷⁰ Recent research conducted by Thomas Bruneau proposed the implementation of fusion centers in Central America to “serve as a forcing mechanism to encourage different elements of the security apparatus in the region . . . to bring the illegal actors, including [transnational organized crime] TOC and street gangs, under some semblance of control.”²⁷¹ This same logic can be applied to the Andean region to assist in controlling the illicit trafficking activities that plague the area.

²⁶⁹ *Information Sharing: Federal Agencies are Helping Fusion Centers Build and Sustain Capabilities and Protect Privacy, but Could Better Measure Results*, (GAO-10-972) (Washington, DC: U.S. Government Accountability Office, 2010), 1, <http://www.gao.gov/assets/320/310268.pdf>.

²⁷⁰ *2014-2017 National Strategy for the National Network of Fusion Centers*, (Alexandria, VA: National Fusion Center Association, 2014), 1, <https://nfcausa.org/html/National%20Strategy%20for%20the%20National%20Network%20of%20Fusion%20Centers.pdf>.

²⁷¹ Thomas Bruneau, “The United States and Central America: From Stopping Communism to Stopping Kids,” (working paper, Faculty of National Security Affairs, Naval Postgraduate School, Monterey, 2015).

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